SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

OFFER INFORMATION STATEMENT DATED 27 DECEMBER 2017
UNDER SECTION 277 OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE

(Lodged with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), acting as agent on behalf of the Monetary Authority of Singapore ("**Authority**"), on 27 December 2017)

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.

The Company Placement Shares (as defined herein) offered are issued by Memories Group Limited (the "**Company**"), an entity whose shares are listed for quotation on Catalist (as defined herein). Jean-Michel Alain Romon, the Placement Vendor (as defined herein), is proposing to divest a portion of his Consideration Shares (as defined herein) (the "**Vendor Placement Shares**") for purchase at the Placement Price (as defined herein) on the terms and subject to the conditions of the Placement Agreement (as defined herein).

Companies listed on Catalist may carry higher investment risk when compared to larger or more established companies listed on the Mainboard of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the securities traded on Catalist. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with his/her professional adviser(s).

This offer is made in or accompanied by this offer information statement ("**Offer Information Statement**") that has been lodged with the SGX-ST, acting as agent on behalf of the Authority. Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Information Statement. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Information Statement, including the correctness of any of the statements or opinions made or reports contained in this Offer Information Statement. The lodgement of this Offer Information Statement with the SGX-ST, acting as agent on behalf of the Authority, does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, or requirements in the SGX-ST's listing rules, have been complied with. Neither the Authority nor the SGX-ST has in any way considered the merits of the securities being offered for investment.

An application has been made to the SGX-ST for the listing on and quotation for, *inter alia*, the Company Placement Shares on Catalist. A listing and quotation notice has been obtained from the SGX-ST on 20 November 2017 for the listing and quotation of, *inter alia*, the Company Placement Shares on Catalist. The listing and quotation notice from the SGX-ST is not an indication of the merits of, *inter alia*, the Company, its subsidiaries, the Proposed Compliance Placement and the consolidated Shares, the Consideration Shares, the Company Placement Shares and/or the Performance Shares (as such terms are defined herein). Acceptance of applications will be conditional upon the issue of the securities and upon listing of the issued securities of the Company. Monies paid in respect of any application accepted will be returned if the listing of the securities does not proceed.

This Offer Information Statement has been prepared solely in relation to the Proposed Compliance Placement (as defined herein) and shall not be relied upon by any other person or for any other purpose. No securities shall be allotted or allocated on the basis of this Offer Information Statement later than six (6) months after the date of lodgement of this Offer Information Statement. After the expiration of six (6) months from the date of lodgement of this Offer Information Statement, no person shall make an offer of securities, or allot, issue or sell any securities, on the basis of this Offer Information Statement; and no officer or equivalent person or promoter of the Company will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Information Statement.

The Placement Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**"), and subject to certain exceptions, may not be offered or sold within the United States (as defined in Regulation S under the US Securities Act ("**Regulation S**")), except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Placement Shares offered are not transferable except in accordance with restrictions described under "Transfer Restrictions" of this Offer Information Statement.

This Offer Information Statement 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 SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Offer Information Statement. This Offer Information Statement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Offer Information Statement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Offer Information Statement.

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).

Unless otherwise defined, terms appearing in the cover of this Offer Information Statement bear the same meanings as defined in this Offer Information Statement.

MEMORIES GROUP LIMITED

(formerly known as SHC Capital Asia Limited)
(Incorporated in the Republic of Singapore on 19 January 2012)
(Company Registration No. 201201631D)

THE PROPOSED PLACEMENT OF UP TO 50,000,000 PLACEMENT SHARES COMPRISING:

(1) UP TO 42,600,000 NEW COMPANY PLACEMENT SHARES (AS DEFINED HEREIN) TO BE ALLOTTED AND ISSUED BY THE COMPANY; AND

(2) UP TO 7,400,000 VENDOR PLACEMENT SHARES (AS DEFINED HEREIN) FOR WHICH THE PLACEMENT VENDOR (AS DEFINED HEREIN) INVITES APPLICATIONS TO PURCHASE,

IN CONNECTION WITH THE PROPOSED COMPLIANCE PLACEMENT FOR THE PURPOSE OF MEETING THE MINIMUM PUBLIC FLOAT UNDER THE CATALIST RULES.

Financial Adviser and Placement Agent for the Proposed Compliance Placement and Sponsor to the Company

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200207389D)

Sub-Placement Agent

RHB Securities Singapore Pte. Ltd.

RHB SECURITIES SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 198701140E)

THIS OFFER INFORMATION STATEMENT HAS BEEN PREPARED SOLELY IN RELATION TO THE PROPOSED COMPLIANCE PLACEMENT AND SHALL NOT BE RELIED UPON BY ANY OTHER PERSON FOR ANY OTHER PURPOSE.

A COPY OF THE ANNOUNCEMENTS TO THE SHAREHOLDERS OF THE COMPANY DATED 24 OCTOBER 2016, 22 DECEMBER 2016, 24 DECEMBER 2016, 21 JUNE 2017, 30 JUNE 2017, 17 AUGUST 2017, 29 SEPTEMBER 2017, 17 NOVEMBER 2017, 20 NOVEMBER 2017, 18 DECEMBER 2017 AND 26 DECEMBER 2017 AND THE CIRCULAR (AS DEFINED HEREIN) ARE ANNEXED TO THIS OFFER INFORMATION STATEMENT AS APPENDIX A TO O RESPECTIVELY. SAVE FOR THE INFORMATION WHICH IS SPECIFICALLY REFERRED TO IN THIS OFFER INFORMATION STATEMENT, THE ANNOUNCEMENTS AND THE CIRCULAR DO NOT CONSTITUTE A PART OF THIS OFFER INFORMATION STATEMENT. FOR THE AVOIDANCE OF DOUBT, THE FINANCIAL ADVISER, SPONSOR AND PLACEMENT AGENT AND SUB-PLACEMENT AGENT DO NOT MAKE ANY REPRESENTATION TO ANY PERSON REGARDING THE ACCURACY, COMPLETENESS OR CORRECTNESS OF THE INFORMATION SET OUT IN THE CIRCULAR OR THIS OFFER INFORMATION STATEMENT.

IMPORTANT NOTES

THIS OFFER INFORMATION STATEMENT HAS BEEN PREPARED SOLELY IN RELATION TO THE SUBSCRIPTION AND/OR PURCHASE OF THE PLACEMENT SHARES BY THE PUBLIC IN SINGAPORE AND SUCH OTHER PLACEES TO BE IDENTIFIED BY THE FINANCIAL ADVISER, SPONSOR AND PLACEMENT AGENT, AND/OR ANY SUB-PLACEMENT AGENT APPOINTED BY THE FINANCIAL ADVISER, SPONSOR AND PLACEMENT AGENT, AND SHALL NOT BE RELIED UPON FOR ANY OTHER PURPOSE.

*Capitalised terms used below which are not otherwise defined herein shall have the same meanings as ascribed to them under the section entitled "**Definitions**" of this Offer Information Statement.*

Persons wishing to subscribe for and/or purchase the Placement Shares offered by this Offer Information Statement should, before deciding whether to so subscribe for and/or purchase, carefully read this Offer Information Statement in its entirety in order to make an informed assessment of, *inter alia*, the assets and liabilities, profits and losses, financial position, performance and prospects of the Company and the Group, and the rights and liabilities attaching to the Placement Shares. They should also make their own independent enquiries and investigations of any bases and assumptions, upon which financial projections, if any, are made or based, and carefully consider this Offer Information Statement in the light of their personal circumstances (including financial and taxation affairs). It is recommended that such persons seek professional advice from their accountant, stockbroker, bank manager, solicitor or other professional advisers before deciding whether to subscribe for and/or purchase any of the Placement Shares or invest in the Company and/or the Group.

The Placement Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placement Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

No person has been authorised to give any information or to make any representations, other than those contained in this Offer Information Statement, in connection with the Proposed Compliance Placement and the allotment and issuance and/or sale of the Placement Shares and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, Placement Vendor, the Financial Adviser, Sponsor and Placement Agent and Sub-Placement Agent. Save as expressly stated in this Offer Information Statement, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Company and/or the Group.

Neither the delivery of this Offer Information Statement nor the allotment and issuance and/or sale of the Placement Shares shall, under any circumstances, constitute a continuing representation, or give rise to any implication, that there has been no material change in the affairs, financial condition, performance or prospects of the Company and/or the Group, or any of the information contained herein since the date hereof. Where such changes occur after the date hereof and are material, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same via SGXNET and, if required, lodge a supplementary or replacement document with the SGX-ST, acting as agent on behalf of the Authority. All prospective subscribers and/or purchasers of the Placement Shares should take note of any such announcement and/or supplementary or replacement document and, upon the release of such announcement or lodgement of such supplementary or replacement document, as the case may be, shall be deemed to have notice of such changes.

IMPORTANT NOTES

None of the Company, the Group, the Placement Vendor, the Financial Adviser, Sponsor and Placement Agent, nor Sub-Placement Agent is making any representation to any person regarding the legality of an investment in the Placement Shares by such person under any investment or any other laws or regulations. No information in this Offer Information Statement should be considered to be business, financial, legal, investment or tax advice regarding an investment in the Placement Shares. Each prospective subscriber for and/or purchaser of the Placement Shares should consult his/her own professional or other advisers for business, financial, legal, investment or tax advice regarding an investment in the Placement Shares. Prospective subscribers and/or purchasers should be aware that, if they subscribe for and/or purchase the Placement Shares, they may be required to bear the financial risks of such subscription for an indefinite period of time. Each prospective subscriber for and/or purchaser of the Placement Shares should consult his/her own professional or other advisers for business, financial, legal, investment or tax advice regarding an investment in the Placement Shares.

None of the Company, the Group, the Placement Vendor, Financial Adviser, Sponsor and Placement Agent, nor the Sub-Placement Agent is making any representation, warranty or recommendation whatsoever as to the merits of the Placement Shares, the Shares, the Company, the Group or any other matter related thereto or in connection therewith. Nothing in this Offer Information Statement or its accompanying documents shall be construed as a recommendation to subscribe for and/or purchase the Placement Shares. Each prospective subscriber and/or purchaser of the Placement Shares should rely on their own investigation of the financial condition and affairs of the Company and/or the Group, as well as their own appraisal and determination of the merits of investing in the Company, the Group, and/or the Placement Shares and shall be deemed to have done so.

Prospective purchasers are hereby notified that the seller of Placement Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A under the US Securities Act ("**Rule 144A**").

This Offer Information Statement has been prepared solely for the purpose of the acceptance and subscription for and/or purchase of the Placement Shares under the Proposed Compliance Placement, and may not be relied upon by any persons for any other purpose. For the avoidance of doubt, the Financial Adviser, Sponsor and Placement Agent and the Sub-Placement Agent have not independently verified the contents of this Offer Information Statement and are not making any representation to any person regarding the accuracy and completeness of the information set out in this Offer Information Statement.

IMPORTANT NOTES

The distribution of this Offer Information Statement and/or its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Any persons having possession of this Offer Information Statement and/or its accompanying documents are advised to keep themselves informed of and observe such prohibitions and restrictions at their own expense and without liability to the Company, the Financial Adviser, Sponsor and Placement Agent and the Sub-Placement Agent or any other person involved in the Proposed Compliance Placement. The Placement Shares have not been and will not be registered under the US Securities Act or any state securities laws of the United States for offer or sale as part of their distribution and may not be offered or sold within the United States absent registration or an applicable exemption or exception from registration requirements of the US Securities Act and applicable securities state laws of the United States. Please refer to the section "Transfer and Selling Restrictions" of this Offer Information Statement for further information.

IMPORTANT NOTES

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

IMPORTANT NOTES

AVAILABLE INFORMATION

So long as any of the Placement Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and the Company is not subject to the reporting requirements of Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**US Exchange Act**"), or exempt from such reporting requirements of the US Exchange Act pursuant to Rule 12g3-2(b) thereunder, the Company will furnish, upon request, to any owner of the Shares offered hereby or any prospective purchaser designated by any such owner, information required to be delivered under Rule 144A(d)(4) to permit compliance with Rule 144A in connection with the resale of the Placement Shares.

TRANSFER AND SELLING RESTRICTIONS

*Capitalised terms used below which are not otherwise defined herein shall have the same meanings as ascribed to them under the section entitled "**Definitions**" of this Offer Information Statement.*

No person shall subscribe for and/or purchase the Placement Shares except on the basis of the information contained in this Offer Information Statement.

This Offer Information Statement has not been lodged in any other jurisdiction other than in Singapore. This Offer Information Statement does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.

No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of, any jurisdiction, except for the filing and/or registration of this Offer Information Statement in Singapore in order to permit a public offering of the Placement Shares and the public distribution of this Offer Information Statement in Singapore.

The distribution of this Offer Information Statement and the offering of the Placement Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Information Statement are required by the Company, the Group, the Placement Vendor, the Financial Adviser, Sponsor and Placement Agent and the Sub-Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to the Company, the Group, the Placement Vendor, the Financial Adviser, Sponsor and Placement Agent and the Sub-Placement Agent or their respective directors and executive officers.

Persons to whom a copy of this Offer Information Statement has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Information Statement or any information in it for any purpose whatsoever nor permit or cause the circulation, reproduction or distribution of this Offer Information Statement to occur.

SELLING RESTRICTIONS

United States

The Placement Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or any state securities law, and, subject to certain exceptions, may not be offered or sold, delivered or otherwise transferred, directly or indirectly, within the United States (as defined in Regulation S under the US Securities Act). The Placement Shares are being offered and sold outside of the United States in reliance on Regulation S under the US Securities Act. The Placement Agreement provides that the Placement Agent may directly or through their respective United States broker-dealer affiliates arrange for the offer and resale of the Shares within the United States only to "qualified institutional buyers" (as defined in Rule 144A) ("**QIBs**") in reliance on Rule 144A or another applicable exemption from registration under the US Securities Act.

In addition, until 40 days after the commencement of the offering of the Placement Shares, an offer or sale of Shares within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Hong Kong

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. All prospective subscribers for and/or purchasers of the Placement Shares are advised to exercise caution in relation to the offer. If in any doubt about any of the contents of this document, each prospective subscriber for and/or purchaser of the Placement Shares should obtain independent professional advice.

This document does not constitute an offer or invitation to the public in Hong Kong to acquire shares in the Company. Accordingly, unless permitted by the securities laws of Hong Kong, (i) no person may issue or cause to be issued this document in Hong Kong, other than to persons who are "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made thereunder or in circumstances which do not constitute an offer or sale of shares in the Company to the public in Hong Kong for the purposes of the prospectus requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) no person may issue or have in its possession for the purposes of issue, this document, or any advertisement, invitation or document relating to the shares in the Company, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong, other than with respect to the shares in the Company which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made thereunder.

An application for acquisition of the shares in the Company is not invited from any person in Hong Kong other than a person whom a copy of this document has been issued and if made, will not be accepted. No person to whom a copy of this document is issued may issue, circulate or distribute this document in Hong Kong, or make, give or show a copy of this document to any other person.

TRANSFER RESTRICTIONS

No actions have been taken to register or qualify the Shares offered by this document or otherwise to permit a public offer of the Shares in any jurisdiction outside Singapore. The Shares have not been and will not be registered under the US Securities Act or any other applicable securities laws outside of Singapore, and may not be offered or sold in the United States except pursuant to an effective registration statement or in accordance with an applicable exemption from the registration requirements of the US Securities Act and such other laws.

The Placement Shares are being offered and sold outside of the United States to certain persons in reliance on Regulation S. The Placement Agent may directly or through their respective United States broker-affiliates arrange for the offer and sale of Placement Shares within the United States only to QIBs as defined in Rule 144A in transactions exempt from registration under the US Securities Act.

Terms used herein that are defined in Rule 144A or Regulation S are used herein as defined therein.

Rule 144A Restrictions

Each subscriber for and/or purchaser of Placement Shares within the United States will be deemed to have acknowledged, represented to and agreed with the Company, the Placement Agent and the Placement Vendor as follows:

(a) it (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is aware that the sale of Placement Shares to it is being made in reliance on Rule 144A and (C) is acquiring such Placement Shares for its own account or for the account of a qualified institutional buyer, as the case may be;

(b) it understands and agrees that such Placement Shares have not been and will not be registered under the US Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (A) (i) to a person whom the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the US Securities Act or (iii) pursuant to any other exemption from registration under the US Securities Act, and (B) in accordance with all applicable securities laws of the States of the United States;

(c) it will not deposit the Placement Shares, or cause the Placement Shares to be deposited, into any unrestricted depositary receipt facility established or maintained by a depositary bank relating to such shares, unless or until the Offer Shares are no longer deemed restricted securities within the meaning of Rule 144(a)(3) under the US Securities Act; and

(d) the Placement Shares will constitute "restricted securities" within the meaning of Rule 144 under the US Securities Act, and for so long as they remain "restricted securities", such Offer Shares may not be transferred except as described in paragraph (2) above.

Regulation S Restrictions

Each subscriber for and/or purchaser of the Placement Shares offered hereby in reliance on Regulation S will be deemed to have represented and agreed that:

(a) it is aware that the Placement Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States; and

(b) it is purchasing the Placement Shares outside the United States in an offshore transaction in accordance with Regulation S.

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DEFINITIONS

In this Offer Information Statement, the following terms shall, unless the context otherwise requires or unless otherwise stated, have the following meanings:–

Companies within the Group

"**AHTT**"	:	Asia Holidays Travels & Tours Company Limited (Company Incorporation No. 26FC/2000-2001), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar
"**BL MM Co**"	:	Riverside Bagan Limited (Company Incorporation No. 1191FC/2016-2017 (YGN)), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar
"**BL SPV**"	:	MM (BL) Pte. Ltd. (Company Registration No. 201634859D), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120
"**BOB SPV**"	:	MM (BOB) Pte. Ltd. (Company Registration No. 201634865M), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120
"**CIL**"	:	Chindwin Investments Limited (Company Incorporation No. 2367/2013-2014), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar
"**Company**"	:	Memories Group Limited (Company Registration No. 201201631D), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120
"**DMC SPV**"	:	MM (DMC) Pte. Ltd. (Company Registration No. 201634866D), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120
"**Group**" or "**Memories Group**"	:	The Company and its subsidiaries, and "**Memories Group Company**" shall mean any one of them

"**HAL MM Co**"	:	Hpa An Traditional Lodge Limited (Company Incorporation No. 1190FC/2016-2017 (YGN)), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar
"**HAL SPV**"	:	MM (HAL) Pte. Ltd. (Company Registration No. 201634869R), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120
"**MIC Co**" or "**MIC Cos**"	:	Depending on the context, all or any of BL MM Co and HAL MM Co (as the case may be)
"**MM Myanmar**"	:	MM Myanmar Pte. Ltd. (Company Registration No. 201634838G), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120
"**PHLHML**"	:	Pun Hlaing Lodge Hotel Management Limited (Company Incorporation No. 452FC/2016-2017 (YGN)), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar
"**PHL SPV**"	:	MM (PHL) Pte. Ltd. (Company Registration No. 201634870K), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120
"**SingCo SPVs**"	:	Depending on the context, all or any of PHL SPV, BOB SPV, BL SPV, DMC SPV and HAL SPV (as the case may be)
"**SLTG**"	:	Shwe Lay Ta Gun Travels & Tours Company Limited (Company Incorporation No. 470 FC of 2017-2018 (YGN)), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar
"**TLH**"	:	Traditional Lodge Hotel Company Limited (Company Incorporation No. 3199/2013-2014), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar

Other agencies, corporations and organisations

"**Authority**" or "**MAS**"	:	The Monetary Authority of Singapore
"**Catalist**"	:	The sponsor-supervised listing platform of the SGX-ST
"**CDP**"	:	The Central Depository (Pte) Limited
"**MIC**"	:	The Myanmar Investment Commission
"**PPCF**", "**Financial Adviser**", "**Sponsor**", "**Placement Agent**" or "**Financial Adviser, Sponsor and Placement Agent**"	:	PrimePartners Corporate Finance Pte. Ltd.
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Registrar**" and "**Share Transfer Agent**"	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)
"**Sub-Placement Agent**"	:	RHB Securities Singapore Pte. Ltd.

General

"**1H**"	:	Six (6) months financial period ended or ending 30 June, as the case may be
"**ACE PAO**"	:	ACE Pan-Asia Opportunities SPC (Company Registration No. 308311) on behalf of Myanmar Tourism S.P., a company incorporated in the Cayman Islands with its registered address in Coden Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KYI-III, Cayman Islands
"**Acquisition**"	:	The acquisition by the Company of the entire issued and paid-up share capital of MM Myanmar in accordance with the terms and conditions of the RTO SPA, which was completed on 26 December 2017
"**ACTA Amounts**"	:	Has the meaning ascribed to it in Section 2.11 of Part A of the Circular annexed to this Offer Information Statement as Appendix O

"**Affiliates**"	:	With respect to any person (the "**Specified Person**"), any person other than the Specified Person directly or indirectly controlling, controlled by or under direct or indirect common control with the Specified Person ("**Controlling/Controlled Person**") and, without limiting the generality of the foregoing, includes (a) any director of the Specified Person (where the Specified Person is a corporation); (b) any such Specified Person's or director's parent, spouse, or child (a "**relative**"); (c) one or more of such Specified Person or director, his relatives or combination thereof (a "**Specified Person Group**"); and (d) any person controlled by any such Specified Person or director, his relatives or Specified Person Group controls or beneficially owns or holds more than 50.0% of any class of share capital or equity or profits interest. For the purposes of this definition, the term "control" when used with respect to any person means the possession, directly or indirectly, of power to direct or cause the direction of the management and policies of such Specified Person, whether through the ownership of voting shares or by contract or otherwise
"**APA**"	:	Depending on the context, all or any of BL APA and HAL APA
"**Approvals**"	:	All approvals, authorisations, consents, confirmations, clearances, certificates, concessions, registrations, filings, grants, recognitions, dispensations, exemptions, licences, permits, permissions, waivers and the like of any Governmental Body, person, entity, company, corporation, partnership or association, including (in the case of any entity, company, corporation, partnership or association) all corporate approvals that may be required under its constitutional documents or the Law of each jurisdiction that may be applicable to it
"**Asset Holding Company**"	:	The applicable company under which a Memories Business is owned, operated, managed and/or held, namely: (i) PHLHML in relation to the PHL Business; (ii) SLTG in relation to the BOB Business (excluding the BOB Land, which is owned or to be owned by CIL in the manner as further elaborated in Section 5.16 of Part B of the Circular annexed to this Offer Information Statement as Appendix O); (iii) CIL in relation to the BL Business; (iv) AHTT in relation to the DMC Business; and (v) TLH in relation to the HAL Business

"**BL APA**"	:	The asset purchase agreement dated 17 August 2017 and entered into by CIL, BL SPV and BL MM Co for the sale of the BL Business by CIL to BL MM Co
"**BL Business**"	:	The business of a proposed commercial and tourism-related hospitality development to be constructed and developed on the BL Land which is currently owned and held by CIL and such that the said business will be vested in CIL or an Affiliate of MM Myanmar, subject to relevant Approvals being obtained and such lawful restructuring as may be required in the circumstances
"**BL Land**"	:	Plot A Lot No. 6A, Plot A Lot No. 6B, Plot A Lot No. 6D, Plot A Lot No. 6E/7A, Plot A Lot No. 6F/7B, Plot A Lot No. 6G, Plot A Lot No. 6H, Plot B Lot No. 7D, Plot B Lot No. 13, Plot D Lot No. 9, Plot D Lot No. 10 and Plot C Lot No. 12, all located at Ywar Thit Myauk, Nyaung U Township, Bagan, Myanmar and Plot E Lot 11, located at Yun Tan and Za Yat Kyee Zay, Nyaung U Township, Bagan, Myanmar, with a total area of 4.31 acres
"**BL POA**"	:	The Powers of Attorney dated 17 August 2017 and executed by Mr Serge Pun and Mr Tun Tun in favour of BL SPV and Mr Serge Pun in relation to 100.0% of the issued share capital of CIL
"**Board of Directors**", "**Board**" or "**Directors**"	:	In relation to the Company, the board of directors for the time being
"**BOB Business**"	:	Hot-air balloon business operating under the name "Balloons over Bagan" and operated in Bagan and Inle Lake region, Myanmar which is currently owned, operated, managed and/or held under SLTG
"**BOB Land**"	:	Plot Nos. 9, 10, 11 and 15, Block No. (EE), Aung May Thar Ward, No. 6 Ward, Nyaung U Township, Myanmar, and Plot Nos. 225, 216, 165,132 and 114 Block No. 1444 Ngat Pyit Taung, Ward No. 3, Nyaung U Township, Nyaung U District, Mandalay Region, Myanmar
"**BOB POA**"	:	The Power of Attorney dated 17 August 2017 and executed by YDGL in favour of BOB SPV in relation to 60.0% of the issued share capital of SLTG

"**Business**"	:	Tourism-related businesses focused on Myanmar, including the management and operation of hotels, resorts and leisure attraction assets and investments in, assets and businesses in the tourism-related sector. As at the Latest Practicable Date, the business of the Group comprises the Memories Businesses, namely, the PHL Business, BOB Business, BL Business, DMC Business and HAL Business
"**Buyback Undertakings**"	:	The deeds of undertaking dated 20 November 2017 and entered or to be entered into between the Company and the Buyback Vendors in relation to a Potential Buyback
"**Buyback Vendors**"	:	Refers to: (i) YSIL and FMI in relation to the BOB Business; (ii) YSIL and FMI in relation to the BL Business; and (iii) EVL and JMR in relation to the HAL Business and the DMC Business
"**Catalist Rules**"	:	The rules in the Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, varied or supplemented from time to time
"**Circular**"	:	The circular to Shareholders dated 20 November 2017 (including all its appendices) annexed to this Offer Information Statement as Appendix O
"**Companies Act**" or the "**Act**"	:	The Companies Act (Chapter 50) of Singapore, as may be amended or modified from time to time
"**Company Placement Shares**"	:	Up to 42,600,000 new Shares to be allotted and issued by the Company pursuant to the Proposed Compliance Placement
"**Consideration Shares**"	:	264,997,065 new Shares allotted and issued by the Company to YSIL, FMI and the Corporate Vendor Nominees at the issue price of S$0.263 for each consideration share (after the completion of the Share Consolidation), credited as fully paid, in settlement and satisfaction of the purchase consideration under the RTO SPA
"**Corporate Vendor**"	:	EVL
"**Corporate Vendor Buyout**"	:	Has the meaning ascribed to it in Section 2.3 of Part A of the Circular annexed to this Offer Information Statement as Appendix O

"**Corporate Vendor Nominees**"	:	JMR and ACE PAO
"**DMC Business**"	:	The tourism and destination management business operating under the name "Asia Holidays" which is currently operated, managed and/or held under AHTT
"**DMC POA**"	:	The Power of Attorney dated 22 September 2017 and executed by Mr Tun Tun in favour of DMC SPV and Mr Serge Pun in relation to 40.0% of the issued share capital of AHTT
"**DOA**" or "**Deed of Assignment**"	:	In relation to the shares in an Asset Holding Company held by a Registered Shareholder, a deed of assignment to effect the assignment, conveyance and transfer by such Registered Shareholder to the relevant SingCo SPV, absolutely and free from all encumbrances of the Economic Interests in respect of the relevant shares in such Asset Holding Company, executed and delivered together with an accompanying power of attorney in the agreed form (as a separate document), provided that the term "Economic Interests" and the assignment, conveyance and transfer thereof under the DOA does not include an assignment of any rights of ownership or control in the shares
"**Depository Agent**"	:	An entity registered as a depository agent with the CDP
"**Economic Interests**"	:	(i) All economic, financial and monetary entitlements now or hereafter accruing or arising from the shares in an Asset Holding Company (save for PHL and PHLHML), including dividends and other distributions (whether in cash or in kind) or any return of capital or contribution that may be made in relation to or which may otherwise be attributable to such shares; and (ii) all rights, titles, interests, claims, actions and remedies attached or attaching to all and any such entitlements referred to aforesaid
"**EGM**"	:	The extraordinary general meeting of the Company held on Monday, 18 December 2017 for the approval of the Acquisition and its related transactions thereunder
"**ERGO**"	:	ERGO International AG
"**EVL**"	:	Exemplary Ventures Limited (BVI Company No. 1920201), a company incorporated in the British Virgin Islands and having its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands

"**Experiences Segment**"	:	Such part of the Memories Group's businesses which are engaged in tourism and leisure attractions businesses. As at the Latest Practicable Date, the Experiences Segment comprises the BOB Business
"**FMI**"	:	First Myanmar Investment Company Limited (Company Incorporation No. 159/1992-1993), a company incorporated in Myanmar and having its registered address at The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar
"**FY**"	:	Financial year ending or ended 31 December
"**Governmental Body**"	:	Any: (i) nation, federation, state, county, city, town, province, village, district or other jurisdiction of any nature; (ii) national, federal, state, local, municipal, foreign or other government; (iii) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official or entity or any other tribunal); (iv) statutory authority, quasi-statutory or regulatory authority, governmental department, ministry, commission, board or bureau; (v) multi-national organisation or body; or (vi) court, tribunal, securities council, stock exchange or anybody exercising, or entitled to exercise, any administrative, executive, judicial, arbitral, legislative, police, regulatory or taxing authority or power of any nature
"**HAL APA**"	:	The asset purchase agreement dated 17 August 2017 and entered into by TLH, HAL SPV, HAL MM Co and MMT for the sale of the HAL Business by TLH to HAL MM Co
"**HAL Business**"	:	The hotel/lodge business operating under the name "Hpa An Lodge" and located on the HAL Land, and which business is currently owned, operated, managed and/or held under TLH
"**HAL Issued Document**"	:	The grant/lease of the HAL Land dated 6 October 2016 issued in favour of MMT

"**HAL Land**"	:	Plot No. 2/2 with 0.61 acres and Plot No. 3/1 with 1.05 acres and part of Plot No. 4/2 with 0.82 acres located at Block No. OSS-66/Hta Ma Lout Kyay Tine Pyin, Tawpoon Village Tract Ward, Hpa An District, Hpa An Township, Karen State, Myanmar
"**HAL Land Grantee Undertaking**"	:	The irrevocable undertaking granted by MMT in favour of TLH, HAL SPV and HAL MM Co on 30 August 2017
"**HAL POA**"	:	The Power of Attorney dated 17 August 2017 and executed by MMT and Daw Baby Aye in favour of HAL SPV and Mr Serge Pun in relation to 100.0% of the issued share capital of TLH
"**Hotels Segment**"	:	Such part of the Memories Group's businesses which are engaged in the hospitality business. As at the Latest Practicable Date, the Hotels Segment comprises the HAL Business and the PHL Business
"**Hpa An Lodge**"	:	The hotel/lodge located on the HAL Land and operated under the HAL Business
"**JMR**"	:	Mr Jean-Michel Alain Romon
"**JMR Deed of Undertaking and Warranty**"	:	The Deed of Undertaking and Warranty dated 17 August 2017 as amended on 29 September 2017 and pursuant to which JMR has, *inter alia*, acceded to and/or agreed to be bound by the representations and warranties made or given by YSIL, FMI and JMR under the RTO SPA and certain indemnities in relation to the HAL Business and the DMC Business as set out under the RTO SPA, the Restricted Business Undertaking, the ROFO Undertaking and the Management Rights Opportunity Undertaking, in favour of the Company
"**Latest Practicable Date**"	:	26 December 2017, being the latest practicable date prior to lodgement of this Offer Information Statement with the SGX-ST, acting as agent on behalf of the Authority

"**Law**"	:	Means any domestic or foreign constitutional provision, statute or other law (including where applicable, laws of Singapore, Myanmar, other countries, common law and any international convention, treaties and laws), act, rule (including but not limited to stock exchange rules and regulations), regulation, bye laws, subsidiary legislation, ordinance, treaty, code, permit, certificate, licence, or interpretation of any Governmental Body and any decision, circular, notice, policy, declaration, directive, decree, resolution, injunction, judgment, order, ruling, interpretation, or assessment issued by any Governmental Body
"**Long Term Lease**"	:	In relation to any or each of the Relevant Land, such term of leasehold interest for an initial period of 50 years which may be extended for two (2) consecutive periods of up to 10 years each to be granted to the MIC Cos or SLTG (as the case may be), or such lesser initial period as otherwise set out in the RTO SPA or as otherwise agreed to by the Company under the RTO SPA or as may otherwise be acceptable to the Company, and approved under the relevant MIC Endorsement. For the avoidance of doubt, in relation to the HAL Land, the Long Term Lease in relation to the HAL Land shall be for a tenure at least equivalent to that which is obtained or will be obtained in accordance with the performance of obligations set out in the HAL Land Grantee Undertaking, which tenure in any event shall not at any time be less than the duration of the lease period under the HAL Issued Document
"**Management Rights Opportunity Undertaking**"	:	Has the meaning ascribed to it in Section 2.8.7 of Part A of the Circular annexed to this Offer Information Statement as Appendix O
"**Memories Businesses**" or "**Memories Business**"	:	Depending on the context, all or any of the BOB Business, the PHL Business, the BL Business, the HAL Business and the DMC Business
"**Michel Novatin**"	:	Mr Georges Michel Novatin
"**MIC Endorsement**"	:	The endorsement for investment issued by the MIC under the MIL approving investment activities which are not considered MIC level investments (requiring an MIC Permit under the MIL), including the accompanying MIC decision. The MIC Endorsement may include approvals allowing an investor to enjoy benefits under the MIL relating to land rights authorisation (i.e. to enter into a land lease agreement for more than one (1) year) and/or certain tax exemptions and reliefs (subject to eligibility)

"**MIC Permit**"	:	The investment permit issued by the MIC under the MIL, including the accompanying MIC decision, approving an investor's participation/investment in activities that are strategic to Myanmar, capital intensive, potentially have a large impact on the environment and local community, use state-owned land and buildings, or involve investments which are designated by the Myanmar government to require the submission of a proposal to the MIC and acquisition of an MIC Permit
"**MIL**"	:	The Myanmar Investment Law dated 18 October 2016, and any other regulations, rules, notifications and orders issued or to be issued under the MIL
"**MMT**"	:	Mr Myo Myint Tun
"**Myanmar**"	:	The Republic of the Union of Myanmar
"**Original SPA**"	:	The sale and purchase agreement entered into between the Company and the RTO Vendors in relation to the Acquisition dated 24 October 2016
"**Performance Shares**"	:	Shares issued to participants pursuant to the performance share plan of the Company approved by Shareholders at the EGM
"**PHL**"	:	Pun Hlaing Lodge Limited (Company Incorporation No. 3112 of 2012-2013), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar
"**PHL Business**"	:	The business of a proposed hotel development under the name "Pun Hlaing Lodge" currently being constructed and developed on the PHL Land which is owned and held by PHLHML as at the Latest Practicable Date
"**PHL Land**"	:	Plot No. 121 Plot B with 2.196 acres located at Residential Ward No. 12, Pun Hlaing Estate, Hlaing Thayar Township, Yangon, Myanmar
"**Placement Agreement**"	:	The placement agent agreement dated 27 December 2017 entered into between the Company, the Placement Vendor and the Placement Agent
"**Placement Completion Date**"	:	The completion date of the Proposed Compliance Placement, being 5 January 2018 or such other date as the Company, the Placement Vendor and the Placement Agent may otherwise agree

"**Placement Price**"	:	S$0.25 per Placement Share
"**Placement Shares**"	:	The Company Placement Shares and the Vendor Placement Shares
"**Placement Vendor**"	:	JMR
"**Potential Buyback**"	:	Where applicable, a buyback of the HAL Business, BL Business and/or the BOB Business by the relevant Buyback Vendors upon the occurrence of a Potential Buyback Event
"**Potential Buyback Event**"	:	The occurrence of any of the events in relation to the HAL Business, the BL Business and/or the BOB Business (as the case may be) as set out in Section 2.13.1 of Part A of the Circular, and pursuant to which the Company is required to take steps to effect a Potential Buyback of such business to the relevant Buyback Vendors, in the manner as further elaborated in Section 2.13.2 of Part A of the Circular annexed to this Offer Information Statement as Appendix O
"**Power of Attorney**" or "**POA**"	:	Depending on the context, all or any of the powers of attorney executed by: (i) YDGL in favour of BOB SPV and Mr Serge Pun; (ii) CIL Registered Shareholders in favour of BL SPV and Mr Serge Pun; (iii) Mr Tun Tun in favor of DMC SPV and Mr Serge Pun; and (iv) TLH Registered Shareholders in favour of HAL SPV and Mr Serge Pun
"**Previous Interest Holder**"	:	Means, in relation to the HAL Business and the DMC Business, the persons (including JMR) who had certain rights, interest, benefits and entitlements in the HAL Business and DMC Business immediately prior to the Corporate Vendor Buyout
"**Proposed Compliance Placement**"	:	The placement of the Placement Shares at the Placement Price by the Company and the Placement Vendor to investors, on the terms and subject to the conditions of this Offer Information Statement for the purposes of complying with the shareholding spread and distribution requirements of the Catalist Rules

"**Pun Hlaing Lodge**"	:	The hotel development constructed or to be constructed on the PHL Land in accordance with the project specifications as set out in Schedule 7 of the RTO SPA
"**Register of Members**"	:	Register of members of the Company
"**Registered Shareholders**"	:	In relation to an Asset Holding Company, the registered shareholders of the Asset Holding Company at the relevant time
"**Relevant Land**"	:	Depending on the context, the BOB Land, PHL Land, BL Land and/or HAL Land
"**Restricted Business Undertaking**"	:	Has the meaning ascribed to it in Section 2.8.6 of Part A of the Circular annexed to this Offer Information Statement as Appendix O
"**Restructuring**"	:	The restructuring of the interests of the Vendors in relation to the Memories Businesses resulting in MM Myanmar acquiring (through the relevant Memories Group Companies) such interests in the relevant Memories Group Companies and resulting in the establishment of the corporate structure, as further elaborated in Section 2.12 of Part A of the Circular and Section 3.4 of Part B of the Circular annexed to this Offer Information Statement as Appendix O
"**ROFO Undertaking**"	:	Has the meaning ascribed to it in Section 2.8.7 of Part A of the Circular annexed to this Offer Information Statement as Appendix O
"**RTO SPA**"	:	The Original SPA as amended and restated under the Supplemental SPA
"**RTO Vendors**"	:	YSIL, FMI and EVL
"**Securities Account**"	:	A securities account maintained by a Depositor with the CDP but does not include a securities sub-account maintained with a Depository Agent
"**Serge Pun**"	:	Mr Serge Pun @ Theim Wai
"**Services Segment**"	:	Such part of the Memories Group's businesses which are engaged in destination management services business in Myanmar. As at the Latest Practicable Date, the Services Segment comprises the DMC Business

"**SFA**"	:	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended or modified from time to time
"**SGXNET**"	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"**Share Consolidation**"	:	The share consolidation as approved by Shareholders at the EGM, effective on 26 December 2017
"**Shares**"	:	Ordinary shares in the issued and paid-up share capital of the Company and "**Share**" shall be construed accordingly
"**Shareholders**"	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is the CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares
"**Supplemental SPA**"	:	The amending and restatement deed entered into between the Company and the RTO Vendors dated 17 August 2017 to, *inter alia*, amend and restate the Original SPA
"**UOB**"	:	United Overseas Bank Limited
"**US**" or "**United States**"	:	The United States of America
"**Vendor Placement Shares**"	:	Up to 7,400,000 Shares to be sold by the Placement Vendor pursuant to the Proposed Compliance Placement
"**YDG**"	:	Yoma Development Group Pte. Ltd., a limited liability company incorporated in Singapore, which is an Affiliate of YSIL
"**YDGL**"	:	Yoma Development Group Limited, a limited liability company incorporated in Myanmar, which is an Affiliate of YSIL
"**YSH**"	:	Yoma Strategic Holdings Ltd. (Company Registration No. 196200185E), a company incorporated in Singapore and having its registered office in 78 Shenton Way, #32-00, Singapore 079120

"**YSIL**"	:	Yoma Strategic Investments Ltd. (Company Registration No. 200410344H), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120

Currencies and units of measurements

"**%**"	:	Percentage or per centum
"**Kyat**"	:	Kyat, representing the lawful currency of Myanmar
"**S$**" and "**S$ cents**"	:	Singapore dollars and cents respectively, representing the lawful currency of the Republic of Singapore
"**USD**" or "**US$**" and "**US cents**"	:	US dollars and cents respectively, representing the lawful currency of the United States of America

The expressions "associate", "group", "subsidiary" and "substantial shareholder" shall have the meanings ascribed to them respectively in the Fourth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 and the Companies Act.

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term "subsidiary" shall have the meaning ascribed to it under Section 5 of the Companies Act.

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 genders and *vice versa*. References to persons shall, where applicable, include corporations.

The headings in this Offer Information Statement are inserted for convenience only and shall be ignored in construing this Offer Information Statement.

Any reference to the time of day or date in this Offer Information Statement shall be a reference to Singapore time and dates unless otherwise stated.

Any reference in this Offer Information Statement to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA, the Catalist Rules or such modification thereof and used in this Offer Information Statement shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or such modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Offer Information Statement between the figures listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Offer Information Statement may not be an arithmetic aggregation of the figures that precede them.

Any reference to "we", "us" and "our" in this Offer Information Statement is a reference to the Company, the Group or any member of the Group as the context requires.

CAUTIONARY NOTES REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Information Statement, statements made in public announcements, press releases and oral statements that may be made by the Company, the Placement Vendor, or each of the directors, key executives or employees acting on the Company's or the Placement Vendor's behalf, that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by words that are biased or by forward-looking terms such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "possible", "probable", "project", "will", "would" and "should" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's and/or the Group's expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements and other matters discussed in this Offer Information Statement, including but not limited to, statements as to:

- revenue and profitability;
- any expected growth;
- expected industry prospects and trends;
- future expansion plans;
- other matters that are not historical facts; and
- any other matters discussed in this Offer Information Statement,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's and/or the Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risks, uncertainties and other factors are discussed in more detail in Section 16 of Part A of the Circular entitled "Risk Factors" in the Letter to Shareholders from the Board of Directors of the Company of the Circular, Section 8 of Part B of the Circular entitled "Risk Factors" in the Letter to Shareholders from the Board of Directors of MM Myanmar and in paragraph 9 of Part V – Operating and Financial Review and Prospects in the section entitled "Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005" of this Offer Information Statement. The Circular is annexed to this Offer Information Statement as Appendix O.

Given the risks and uncertainties that may cause the Company's and/or the Group's actual future results, performance or achievements to be materially different than expected, expressed or implied by the forward-looking statements in this Offer Information Statement, undue reliance must not be placed on those statements which apply only as at the date of this Offer Information Statement.

None of the Company and the Group (including its Directors), the Placement Vendor, the Financial Adviser, Sponsor and Placement Agent and the Sub-Placement Agent, or any other person is representing or warranting that the actual future results, performance or achievements of the Company and the Group will be as those discussed in those statements. The Company's and the Group's actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by the Company and the Group.

Further, the Company, the Group (including its Directors), the Placement Vendor, the Financial Adviser, Sponsor and Placement Agent and the Sub-Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect their future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. Where such developments, events or circumstances occur and are material, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the SGX-ST, acting as agent on behalf of the Authority. The Company is also subject to the provisions under the Catalist Rules regarding corporate disclosure.

SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

PART II – IDENTITY OF DIRECTORS, ADVISERS AND AGENTS

Directors

1. Provide the names and addresses of each of the directors or equivalent persons of the relevant entity.

The names and addresses of each of the Directors are as follows:

Name of Director	Address	Designation
Mr Serge Pun	Lot 2, Jasmine Garden, Pun Hlaing Estate, Hlaing Thayar Township, Yangon, Myanmar	Executive Chairman
Mr Michel Novatin	E 701, Evergreen Apartments, Pun Hlaing Estate, Hlaing Thayar Township, Yangon, Myanmar	Executive Director and Chief Executive Officer
Mr Tun Tun	O22A, Orchid Gardens, FMI City, Hlaing Thayar Township, Yangon, Myanmar	Non-Executive and Non-Independent Director
Mr Basil Chan	77 West Coast Grove, Singapore 127877	Non-Executive and Lead Independent Director
Mr Robin Lee Chye Beng	9 Brookvale Drive #03-08, Singapore 599972	Non-Executive and Independent Director
Ms Judy Chan	Unit 1-3, 11/F, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong	Non-Executive and Independent Director

Advisers

2. Provide the names and addresses of –

(a) the issue manager to the offer, if any;

(b) the underwriter to the offer, if any; and

(c) the legal adviser for or in relation to the offer, if any.

Financial Adviser and Placement Agent for the Proposed Compliance Placement and Sponsor to the Company	:	**PrimePartners Corporate Finance Pte. Ltd.** 16 Collyer Quay #10-00 Income at Raffles Singapore 049318
Sub-Placement Agent	:	**RHB Securities Singapore Pte. Ltd.** 10 Collyer Quay #09-08 Ocean Financial Centre Singapore 049315
Legal adviser to the Company as to Singapore law	:	**Lee & Lee** 50 Raffles Place #06-00 Singapore Land Tower Singapore 048623
Legal adviser to the Placement Agent as to Singapore law and United States federal securities law	:	**Baker & McKenzie.Wong & Leow** 8 Marina Boulevard #05-01 Marina Bay Financial Centre Tower 1 Singapore 018981

Registrars and Agents

3. Provide the names and addresses of the relevant entity's registrars, transfer agents and receiving bankers for the securities being offered, where applicable.

Share Registrar and Share Transfer Agent	:	**Tricor Barbinder Share Registration Services** (A division of Tricor Singapore Pte. Ltd.) 80 Robinson Road #11-02 Singapore 068898
Receiving banker	:	**The Bank of East Asia, Limited** 60 Robinson Road BEA Building Singapore 068892

SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

PART III – OFFER STATISTICS AND TIMETABLE

Offer Statistics

1. For each method of offer, state the number of the securities being offered.

Method of offer and number of Placement Shares	:	Placement of up to 50,000,000 Placement Shares, comprising up to 42,600,000 Company Placement Shares and up to 7,400,000 Vendor Placement Shares
Placement Price	:	Placement price of S$0.25 per Placement Share
Status of Placement Shares	:	The Company Placement Shares, upon allotment and issuance, will rank *pari passu* in all respects with then existing issued Shares at the time of the allotment and issuance, and will be free from all pre-emption rights, charges, liens and other encumbrances and with all rights and benefits attaching thereto, except that the Company Placement Shares will not rank for any dividends, rights, allotments or other distributions the record date for which falls before the date of the allotment and issuance of the Company Placement Shares. The Vendor Placement Shares shall be sold by the Placement Vendor free from all pre-emption rights, charges, liens and other encumbrances and with all rights and benefits attaching thereto, except that the Vendor Shares will not rank for any dividends, rights, allotments or other distributions the record date for which falls on or before the date of the transfer of the Vendor Placement Shares, being the Placement Completion Date. The Vendor Placement Shares are not subject to the moratorium as described in Section 13 of Part A of the Circular. Upon the listing of and quotation for the Placement Shares on Catalist, the Placement Shares will be traded on Catalist under the book-entry scripless settlement systems. For the purposes of trading on Catalist, each board lot of Shares will comprise 100 Shares.

Method and Timetable

2. Provide the information referred to in paragraphs 3 to 7 of this Part to the extent applicable to –

(a) the offer procedure; and

(b) where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.

Please see paragraphs 3 to 7 of this Part III below.

3. State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgment of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure of the offer period shall be made public.

The Placement Agent has agreed to procure subscribers and/or purchasers for the Placement Shares (as the case may be) on a best efforts basis in accordance with the terms and conditions of the Placement Agreement.

The Proposed Compliance Placement will commence from the time and date that this Offer Information Statement is lodged with the SGX-ST, acting as agent on behalf of the Authority, and will remain open until 3 January 2018 or such other date as the Company, the Placement Vendor and the Placement Agent may otherwise agree.

Completion of the Proposed Compliance Placement is conditional upon the following (the "**Placement Conditions**"):

(a) the listing and quotation notice from the SGX-ST on 20 November 2017 not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be fulfilled on or before the Placement Completion Date, they are so fulfilled;

(b) this Offer Information Statement having been lodged with the SGX-ST, acting as agent on behalf of the Authority on or about the date of the Placement Agreement;

(c) the sub-placement agent(s)' fulfilment of their obligations in respect of any sub-placement of the Placement Shares to placees pursuant to a separate sub-placement agreement entered into between any sub-placement agent and the Placement Agent, in respect of the Proposed Compliance Placement;

(d) the fulfilment of the minimum public float requirement in compliance with Rules 1015(3) and 406(1) of the Catalist Rules;

(e) the offer, allotment, issue, transfer and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction which is applicable to the Company, the Placement Vendor or the Placement Agent;

(f) the delivery to the Placement Agent by 8 a.m. on the Placement Completion Date of certificates substantially in the form as set out in the Placement Agreement ("**Completion Certificate**"), signed on behalf of each of the Company by its duly authorised officers and the Placement Vendor;

(g) there not having occurred, in the opinion of the Placement Agent, any material adverse change in the condition (financial or otherwise), results of operations, financial position and/or business of the Group, taken as a whole, or any development reasonably likely to involve a prospective material adverse change, whether or not arising from transactions in the ordinary course of business, subsequent to the date of the Placement Agreement which, in the opinion of the Placement Agent, is or is reasonably likely to be materially adverse in the context of the Proposed Compliance Placement or is reasonably likely to prejudice materially the success of the Proposed Compliance Placement or dealings in the Placement Shares in the secondary market; and

(h) the representations, warranties and undertakings in the Placement Agreement remaining true and correct in all respects as at the Placement Completion Date and the Company and the Placement Vendor having performed all of their obligations under the Placement Agreement on or before the Placement Completion Date.

The Company had, on 20 November 2017, received the listing and quotation notice from the SGX-ST in respect of the listing of and quotation for the consolidated Shares, the Consideration Shares, the Company Placement Shares and the Performance Shares on Catalist and as at the Latest Practicable Date, such listing and quotation notice has not been revoked or amended. The listing and quotation notice from the SGX-ST is not an indication of the merits of the Company, its subsidiaries, the Proposed Compliance Placement, the consolidated Shares, the Consideration Shares, the Company Placement Shares and/or the Performance Shares.

The Company had, on 18 December 2017, obtained approval from its Shareholders at the EGM for, *inter alia*, the allotment and issuance of the Company Placement Shares. Please refer to the announcement of the Company on 18 December 2017 annexed to this Offer Information Statement as Appendix L for the results of the EGM.

As at the Latest Practicable Date, the Company and the Placement Vendor do not expect the offer period to be modified. However, the Company and the Placement Vendor may, in consultation with the Financial Adviser, Sponsor and Placement Agent, the Sub-Placement Agent and/or the SGX-ST, modify the offer period subject to any limitation under any applicable laws. In that event, the Company will publicly announce the same through an announcement to be posted on the Internet at the SGX-ST's website at http://www.sgx.com. The number of Placement Shares subscribed for and/or purchased pursuant to the Proposed Compliance Placement will also be announced by the Company on the SGXNET.

4. State the method and time limit for paying up for the securities and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.

The placees will be obliged to pay the full Placement Price of the Placement Shares upon acceptance of the offer of the Placement Shares. Payment for the Placement Shares under the Proposed Compliance Placement shall be made by way of remittance to a bank account designated by the Placement Agent. Accordingly, the Placement Shares will be fully paid-up and partial payment is not relevant in the context of the Proposed Compliance Placement.

Against delivery of certain documents as required under the Placement Agreement, the Placement Agent shall, before the Placement Completion Date, make payment into the share issue account designated by the Company and the Placement Vendor of the placement monies in respect of the number of Placement Shares for which the Placement Agent has procured subscriptions for and/or purchases of in Singapore Dollars.

The Company will not receive any of the proceeds from the sale of the Vendor Placement Shares. The commission payable to the Placement Agent and selling related expenses arising from the proposed sale of the Vendor Placement Shares will be paid by the Placement Vendor.

5. State, where applicable, the methods of and time limits for:–

(a) the delivery of the documents evidencing title to the securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and

(b) the book-entry transfers of the securities being offered in favour of subscribers or purchasers.

On the market day before the Placement Completion Date, the Placement Agent shall notify the Company and the Placement Vendor of the number of Placement Shares that they have procured subscribers and/or purchasers for ("**Placed Shares**"). The Company shall deliver to the CDP for the account of the Placement Agent or of such persons as it may direct, the appropriate number of duly issued share certificates in respect of the relevant number of the Company Placement Shares (up to a maximum of 42,600,000 Company Placement Shares) in the name of the CDP, or in the case of the Placement Vendor, the relevant instruments of transfer and/or CDP-prescribed share transfer forms as the case may be, shall procure that the relevant Securities Account be credited with the Placement Shares and shall deliver to the Placement Agent written confirmation of such delivery to the CDP.

6. In the case of any pre-emptive rights to subscribe for or purchase the securities being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.

Not applicable. No pre-emptive rights are applicable.

7. Provide a full description of the manner in which results of the allotment or allocation of the securities are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).

The Placement Agent will procure subscribers for and/or purchasers of the Placement Shares on a best efforts basis.

The Company will announce the completion of the Proposed Compliance Placement (including the number of Placement Shares subscribed for and/or purchased by the placees) by way of a SGXNET announcement to be posted on the SGX-ST's website at http://www.sgx.com.

No excess amounts are expected to be received in respect of the Placement Shares.

SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

PART IV: KEY INFORMATION

Use of Proceeds from Offer and Expenses Incurred

1. In the same section, provide the information set out in paragraphs 2 to 7 of this Part.

Please refer to paragraphs 2 to 7 of this Part IV below.

2. Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph and paragraph 3 of this Part as the net proceeds). Where only a part of the net proceeds will go to the relevant entity, indicate the amount of the net proceeds that will be raised by the relevant entity. If none of the proceeds will go to the relevant entity, provide a statement of that fact.

Assuming that the maximum of 42,600,000 Company Placement Shares are allotted and issued at the Placement Price, the Company expects to receive total net proceeds of approximately S$7.6 million, after deducting estimated expenses (including placement commission and expenses relating to the Acquisition) of approximately S$3.0 million. The total net proceeds raised from the allotment and issuance of the Company Placement Shares will be received by the Company.

The Company will not receive any of the proceeds from the sale of the Vendor Placement Shares. The commission payable to the Placement Agent and selling related expenses arising from the proposed sale of the Vendor Placement Shares will be paid by the Placement Vendor.

Save for the placement commission and brokerage fees, none of the expenses incurred in connection with the Proposed Compliance Placement are envisaged to be paid by a subscriber of the Company Placement Shares or a purchaser of the Vendor Placement Shares.

3. Disclose how the net proceeds raised by the relevant entity from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors or equivalent persons of the relevant entity, must be raised by the offer of securities.

Assuming that the Company Placement Shares are fully placed out at the Placement Price, the Company intends to allocate the proceeds from the issue of the Company Placement Shares for the following purposes:

Use of Proceeds	Estimated amount (S$'000)	Estimated amount allocated for each dollar of the gross proceeds from the Proposed Compliance Placement (S$ cents)
Completion of construction of Pun Hlaing Lodge[1]	3,046	28.5
Expenditure for branding and marketing efforts and developing an integrated technology platform[2]	762	7.2
Working capital	761	7.2
Investment in or acquisition of further hospitality and tourism assets in Myanmar[3][4]	3,046	28.6
Net proceeds	7,615	71.5
Estimated expenses incurred in relation to the transactions contemplated under the Circular[5]	2,662	25.0
Placement Commission[6]	373	3.5
Total Gross Proceeds from the Proposed Compliance Placement to the Company	10,650	100.0
Total Gross Proceeds from the Proposed Compliance Placement to the Placement Vendor	1,850	N.A.
Total	12,500	N.A.

Notes:

(1) Under the terms of the RTO SPA, the Company is obliged to fund the cost of construction of the Pun Hlaing Lodge to up to US$12.0 million, with the balance of the construction costs (including any cost overruns) to be borne by YSIL, subject to certain exceptions. The Board intends to allocate a portion of the net proceeds to fund the Company's share of the remaining construction cost of Pun Hlaing Lodge, with the rest of the construction costs to be financed by internally generated funds and bank loans.

(2) Following the completion of the Acquisition, the Company had changed its name to "Memories Group Limited" and the Group is now known as the Memories Group. The Company intends to allocate a portion of the net proceeds of the Proposed Compliance Placement for the development of new promotional materials, websites and advertising campaign for the new branding and marketing efforts, and also to develop and maintain an integrated technology platform to enable the Group to harness efficiencies and manage client relationships across the various businesses.

(3) The use of the proceeds from the Proposed Compliance Placement for the purpose of "Investment in or acquisition of further hospitality and tourism assets in Myanmar" includes, *inter alia*, the development of the BL Land into a commercial tourism-related development as part of the BL Business which the Group may undertake following the completion of the Acquisition, subject to the Company exploring feasible options and obtaining relevant regulatory Approvals for such development. In the event of the completion of the Potential Buyback in relation to the BL Business, any proceeds allocated for the development of the BL Land shall be re-allocated for investment in or acquisition of further hospitality and tourism assets in Myanmar. In such event, Chapters 9 and/or 10 of the Catalist Rules will be complied with in relation to the investment or acquisition, where relevant.

(4) The Board intends to invest in or acquire further hospitality and tourism assets in Myanmar to expand the Group's platform and offerings in Myanmar, either through internal organic growth and/or through acquisitions, joint ventures and/or strategic alliances with third parties. As at the Latest Practicable Date, no investment or acquisition target has been identified.

(5) The aggregated estimated expenses incurred in relation to the transactions contemplated under the Circular (excluding the placement commission) are approximately S$5.3 million and for which the RTO Vendors shall be responsible for the amount of approximately S$2.6 million. A portion of the remaining S$2.7 million is paid out of the Company's cash balance.

(6) This excludes the Placement Vendor's portion of the placement commission. The Placement Vendor and the Company will pay PPCF the placement commission of 3.5% of the Placement Price for each Placement Share placed, as compensation for their services in connection with the Proposed Compliance Placement in accordance with the terms of the Placement Agreement.

Pending the specific deployment of the net proceeds for the purposes as aforesaid, the net proceeds will be placed as deposits with financial institutions or used for investment in short-term money market instruments as may be determined by the Directors in their discretion.

Shareholders should note that the actual number of Placement Shares to be placed or sold will depend on various factors such as market conditions, as well as potential investors' interest in the Shares of the Company, and there is no certainty or assurance that the Company will be able to place out/sell all or any of the Placement Shares and raise the requisite net proceeds therefrom. In such an event, the Board shall allocate the actual net proceeds raised amongst the stated use of proceeds in such order of priority and/or such quantum as the Board may determine, subject to the relevant announcements to be made by the Company in relation to the same.

The Company will make periodic announcements, as and when the proceeds from the issuance of the Company Placement Shares are materially disbursed, on whether such use is in accordance with the stated use and in accordance with the amount allocated in this Offer Information Statement. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of the net proceeds in its financial results announcements and annual report. Any material deviation in the use of the net proceeds will be subject to the Catalist Rules and appropriate announcements will be made by the Company on SGXNET.

The Directors are of the reasonable opinion that there is no minimum amount which must be raised by the placement of the Company Placement Shares except for the purposes of complying with the shareholding spread and distribution requirements at the minimum issue price requirements of the Catalist Rules.

4. For each dollar of the proceeds from the offer that will be raised by the relevant entity, state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.

Please refer to Paragraph 3 of Part IV – Key Information in the section entitled "Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005" of this Offer Information Statement above.

5. If any of the proceeds to be raised by the relevant entity will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from an interested person of the relevant entity, identify the interested person and state how the cost to the relevant entity is or will be determined.

Save as disclosed in Paragraph 3 of Part IV – Key Information in the section entitled "Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005" of this Offer Information Statement above, the net proceeds attributable to the Company from the Proposed Compliance Placement will not be used to acquire or refinance the acquisition of an asset other than in the ordinary course of business. Notwithstanding, as at the Latest Practicable Date, the Company has not identified any specific asset which the Company intends to, directly or indirectly, acquire or refinance using the net proceeds.

Please refer to Paragraphs 3 and 4 of Part IV – Key Information in the section entitled "Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005" of this Offer Information Statement for more details on the use of proceeds from the Proposed Compliance Placement.

6. If any of the proceeds to be raised by the relevant entity will be used to finance or refinance the acquisition of another business, briefly describe the business and give information on the status of the acquisition.

Not applicable.

7. If any material part of the proceeds to be raised by the relevant entity will be used to discharge, reduce or retire the indebtedness of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, of the group, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.

Not applicable.

8. In the section containing the information referred to in paragraphs 2 to 7 of this Part or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.

The Company and the Placement Vendor shall pay a commission of 3.5% of the Placement Price for each Placement Share (and if applicable, goods and services tax thereon) to the Placement Agent, as compensation for the Placement Agent's services in connection with the Proposed Compliance Placement and pursuant to the Placement Agreement. The commission and selling related expenses arising from the proposed sale of the Vendor Placement Shares will be paid by the Placement Vendor.

The Placement Agent is entitled to impose brokerage fees of 1.0% of the Placement Price for each Placed Share (and if applicable, goods and services tax thereon), which shall be payable to the Placement Agent, or any sub-placement agent that may be appointed by the Placement Agent, by such persons who have subscribed for and/or purchased the Placement Shares.

Information on the Relevant Entity

9. Provide the following information:

(a) the address and telephone and facsimile numbers of the relevant entity's registered office and principal place of business (if different from those of its registered office);

Registered Office	:	78 Shenton Way #32-00 Singapore 079120
Telephone	:	(65) 6223 2262
Facsimile	:	(65) 6223 1990

Principal Place of Business	:	The Campus 1 Office Park Rain Tree Drive Pun Hlaing Estate Hlaing Thayar Township Yangon 11401 Myanmar
Telephone	:	(95) 1368 7766
Facsimile	:	–

(b) the nature of the operations and principal activities of the relevant entity or, if it is the holding company or holding entity of a group, of the group;

OVERVIEW OF THE GROUP AND ITS BUSINESS ACTIVITIES

The Company was incorporated in Singapore on 19 January 2012 under the name "SHC Capital Asia Pte Ltd" as a private limited company, and was listed on the Catalist on 2 July 2012 under the name SHC Capital Asia Limited. Following the completion of the disposal of its subsidiary SHC Insurance Pte Ltd ("**SHCI**") on 1 August 2014, the Company ceased to have any operating business and became a cash company under Rule 1017 of the Catalist Rules.

Following the completion of the Acquisition on 26 December 2017, which resulted in a change of control of the Company, the Company was renamed as "Memories Group Limited". The Group is currently engaged in tourism-related businesses focused on Myanmar, predominantly in three (3) business segments namely, the Experiences Segment, the Services Segment and the Hotels Segment (collectively, the "**Business Segments**").

(a) **Experiences Segment**: The Experiences Segment currently comprises the BOB Business, which is operating hot-air balloon flights in Bagan and the Inle Lake region. The Memories Group intends to develop additional tourist, cultural or leisure attractions and related services, including through the development of the BL Business.

(b) **Services Segment**: The Services Segment currently comprises the DMC Business, specialising in the design and implementation of customised tours, events and travel logistics.

(c) **Hotels Segment**: Under the Hotels Segment, the Memories Group currently owns and operates hotels and lodges under the PHL Business and the HAL Business. The HAL Business has commenced operations since FY2015, while the PHL Business is currently under construction and is expected to be completed in FY2019.

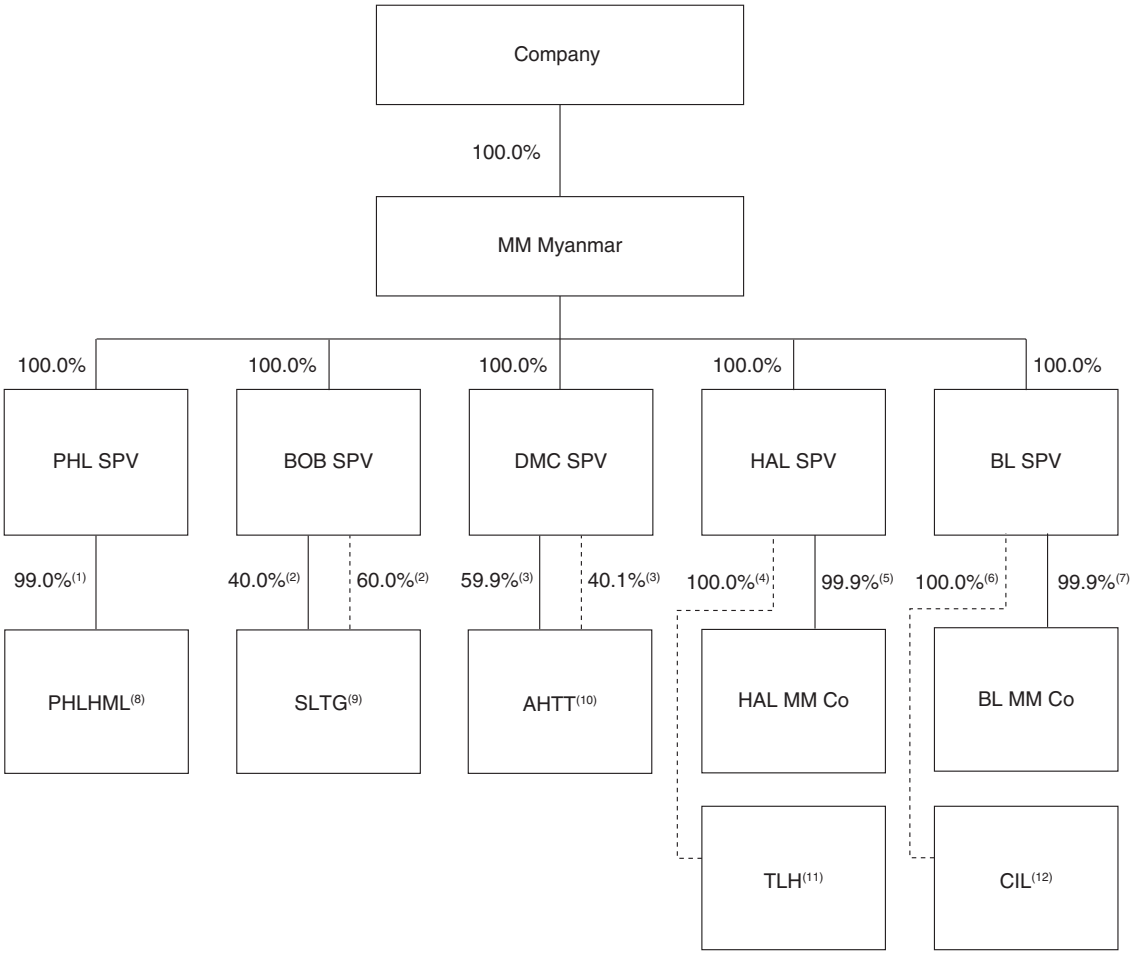
The Memories Group, through the Business Segments, operates an integrated tourism platform which allows it to cohesively brand and manage its products and services. This

provides operational synergies and opportunities to cross-sell its various offerings and services. Tourists arriving in Myanmar through the DMC Business can stay at the Memories Group's hotels and experience "Balloons over Bagan", providing a holistic and seamless tour experience within Myanmar.

For more information, please refer to Section 5 of Part B of the Circular annexed to this Offer Information Statement as Appendix O.

GROUP STRUCTURE

The structure of the Group as at the Latest Practicable Date is as follows:



Notes:

(1) The remaining 1.0% equity interest of the issued share capital of PHLHML is held directly by MM Myanmar, to ensure that there is a minimum of two (2) shareholders for PHLHML as required under Myanmar law.

(2) BOB SPV holds the legal and beneficial ownership of 40.0% of the issued share capital of SLTG and holds Economic Interests in respect of the remaining 60.0% of the issued share capital of SLTG and certain powers and authority over such shares pursuant to the terms of the BOB POA.

(3) DMC SPV holds the legal and beneficial ownership of 59.9% of the issued share capital of AHTT and holds Economic Interests in respect of the remaining 40.1% of the issued share capital of AHTT and certain powers and authority over such shares pursuant to the terms of the DMC POA.

(4) HAL SPV holds Economic Interests in respect of 100.0% of the issued share capital of TLH and certain powers of authority over such shares pursuant to the terms of the HAL POA, pending completion of the HAL APA. Pursuant to the HAL APA, HAL MM Co shall acquire the HAL Business and obtain the Long Term Lease in respect of the HAL Land.

(5) 0.1% of the issued share capital of HAL MM Co is held directly by MM Myanmar, to ensure that there is a minimum of two (2) shareholders for HAL MM Co as required under Myanmar law.

(6) BL SPV holds Economic Interests in respect of 100.0% of the issued share capital of CIL and certain powers of authority over such shares pursuant to the terms of the BL POA, pending completion of the BL APA. Pursuant to the BL APA, BL MM Co shall acquire the BL Business and obtain the Long Term Lease in respect of the BL Land.

(7) 0.1% of the issued share capital of BL MM Co is held directly by MM Myanmar, to ensure that there is a minimum of two (2) shareholders for BL MM Co as required under Myanmar law.

(8) The PHL Business, including the Long Term Lease of the PHL Land, is owned by PHLHML.

(9) The BOB Business (excluding the BOB Land which is used in connection with the BOB Business) is owned by SLTG.

(10) The DMC Business is owned by AHTT.

(11) The HAL Business, including the HAL Land, is owned by TLH.

(12) The BL Business, including the BL Land, is owned by CIL. The BOB Land is to be owned by CIL assuming the proper vesting of ownership rights and interests in the BOB Land in CIL in accordance with the applicable laws of Myanmar, including subsidiary legislation, rules and regulations which have the force of law.

As at the Latest Practicable Date, the subsidiaries of the Company and their principal activities are as follows:

Memories Group Company	**Date and place of incorporation**	**Principal business**	**Principal place of business**	**Issued and paid-up capital**	**% effective ownership[1]**
MM Myanmar	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	S$69,694,228	100.0%[2]
SLTG	17 March 1999, Myanmar	BOB Business	The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	Kyat 216,000,000	100.0%[3]
BOB SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	S$25,066,860	100.0%[4]

Memories Group Company	Date and place of incorporation	Principal business	Principal place of business	Issued and paid-up capital	% effective ownership[1]
CIL	14 August 2013, Myanmar	BL Business (prior to the completion of the BL APA)	The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	Kyat 50,000,000	100.0%[5]
BL MM Co	31 March 2017, Myanmar	BL Business (upon completion of the BL APA)	The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	US$25,000[11]	100.0%[6]
BL SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	S$11,707,050	100.0%[7]
AHTT	11 August 2000, Myanmar	DMC Business	The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	Kyat 501,000	100.0%[8]
DMC SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	S$8,384,738	100.0%[9]
TLH	1 October 2013, Myanmar	HAL Business (prior to completion of the HAL APA)	The Campus, 1 Office Park, Pun Hlaing, Hlaing Thayar Township, Yangon 11401, Myanmar	Kyat 50,000,000	100.0%[10]
HAL MM Co	31 March 2017, Myanmar	HAL Business (upon completion of the HAL APA)	The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	US$25,000[11]	100.0%[12]
HAL SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	S$6,335,580	100.0%[13]
PHLHML	29 August 2016, Myanmar	PHL Business	The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	US$3,130,000	100.0%[14]
PHL SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	S$18,200,000	100.0%[15]

Notes:

(1) Apart from the legal and beneficial ownership of certain shares of the Asset Holding Companies pursuant to the POAs and the DOAs, the Memories Group has the Economic Interests and powers and authority over certain shares of the Asset Holding Companies in relation to the Memories Businesses. Therefore, MM Myanmar is considered to be exposed to, or has the rights to, variable returns from its involvement with the Asset Holding Companies, has the ability to affect returns through its power over the Asset Holding Companies and has the right to consolidate the Memories Businesses into its group accounts in accordance with SFRS 110.

(2) The Company has a direct interest in 100.0% of the issued and paid-up shares of MM Myanmar.

(3) MM Myanmar has a deemed interest in 100.0% of the issued and paid-up shares of SLTG by virtue of BOB SPV's legal and beneficial ownership of 40.0% of the issued and paid-up shares of SLTG and BOB SPV's rights, through the BOB POA, to exercise certain powers and authority over the remaining 60.0% of the issued shares of SLTG in conjunction with its holding of Economic Interests in respect of such shares.

(4) MM Myanmar has a direct interest in 100.0% of the issued and paid-up shares of BOB SPV.

(5) MM Myanmar has a deemed interest in 100.0% of the issued and paid-up shares of CIL by virtue of BL SPV's rights, through the BL POA, to exercise certain powers and authority over 100.0% of the issued and paid-up shares of CIL in conjunction with BL SPV's holding of Economic Interests in respect of such shares.

(6) MM Myanmar has a deemed interest in 100.0% of the issued and paid-up shares of BL MM Co by virtue of its direct interest of 0.1% in BL MM Co and BL SPV's direct interest in the remaining issued and paid-up shares of BL MM Co.

(7) MM Myanmar has a direct interest in 100.0% of the issued and paid-up shares of BL SPV.

(8) MM Myanmar has a deemed interest in 100.0% of the issued and paid-up shares of AHTT by virtue of DMC SPV's legal and beneficial ownership of 59.9% of the issued and paid-up shares of AHTT and DMC SPV's rights, through the DMC POA, to exercise certain powers and authority over the remaining 40.1% of the issued and paid-up shares of AHTT in conjunction with its holding of Economic Interests in respect of such shares.

(9) MM Myanmar has a direct interest in 100.0% of the issued and paid-up shares of DMC SPV.

(10) MM Myanmar has a deemed interest in 100.0% of the issued and paid-up shares of TLH by virtue of HAL SPV's rights, through the HAL POA, to exercise certain powers and authority over 100.0% of the issued and paid-up shares of TLH in conjunction with HAL SPV's holding of Economic Interests in respect of such shares.

(11) As at the date of this Circular, only US$25,000 of the registered capital of each of HAL MM Co and BL MM Co have been paid up. As required by the MIL rules, (i) an additional amount of US$50,000 of the registered capital of each of HAL MM Co and BL MM Co will be paid up upon obtaining the relevant approvals from the MIC and the registration of HAL MM Co and BL MM Co as foreign companies with the relevant approvals from the MIC; and (ii) an additional amount of US$75,000 shall be capitalised in each of HAL MM Co and BL MM Co within five (5) years from receiving the relevant approvals from MIC.

(12) MM Myanmar has a deemed interest in 100.0% of the issued and paid-up shares of HAL MM Co by virtue of its direct interest of 0.1% in HAL MM Co and HAL SPV's direct interest of the remaining issued and paid-up shares of HAL MM Co.

(13) MM Myanmar has a direct interest in 100.0% of the issued and paid-up shares of HAL SPV.

(14) MM Myanmar has a deemed interest in 100.0% of the issued and paid-up shares of PHLHML by virtue of PHL SPV's ownership of 99.0% and MM Myanmar's direct ownership of 1.0% of the issued and paid-up shares of PHLHML.

(15) MM Myanmar has a direct interest in 100.0% of the issued and paid-up shares of PHL SPV.

(c) the general development of the business from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the relevant entity or the group, as the case may be, since –

(i) the end of the most recent completed financial year for which financial statements of the relevant entity have been published; or

(ii) the end of any subsequent period covered by interim financial statements, if interim financial statements have been published;

The significant developments in the Company's business in chronological order from the beginning of the period comprising the three (3) most recent completed financial years to the Latest Practicable Date are set out below. Shareholders are advised to refer to the announcements released by the Company on SGXNET for further details on these developments.

FY2014

On 20 June 2014, the Company entered into a sale and purchase agreement with ERGO and pursuant to which the Company had agreed to dispose of the entire issued and paid-up share capital of its subsidiary, SHCI, for a consideration of S$112.0 million in cash ("**Disposal of SHCI**"). The Disposal of SHCI by the Company to ERGO was completed on 1 August 2014 where ERGO paid to the Company cash amounting to approximately S$112.925 million. On 28 October 2014, a final disposal consideration of approximately S$117.339 million was determined and the Company had on 28 October 2014 notified ERGO that it has no objection to the final disposal consideration. Please refer to the Company's announcements dated 20 June 2014, 1 August 2014 and 28 October 2014 for further details in relation to the Disposal of SHCI.

On 1 August 2014, the Company announced that in connection with the completion of the Disposal of SHCI and pursuant to the agreement of termination entered into on 31 July 2014, the service agreement between SHCI and Asia Capital Reinsurance Group Pte. Ltd. ("**ACR**") for the provision of certain services by ACR to SHCI, including, *inter alia*, the rendering of advice and guidance to SHCI in the review of its underwriting portfolio, had been terminated and had ceased to be legally binding or have any effect whatsoever with effect from 1 August 2014. Please refer to the Company's announcement dated 1 August 2014 for further details.

On 1 August 2014, in accordance with Rule 1017(1)(a) of the Catalist Rules, the Company had placed a cash amount of approximately S$79.833 million in the escrow account opened with and operated by UOB acting as the escrow agent. Please refer to the Company's announcement dated 1 August 2014 for further details.

On 13 August 2014, the Company announced that after taking into account, *inter alia*, the results of review of PT Asuransi Parolamas ("**Parolamas**") and the request by the founders of Parolamas (the "**Founders**") for the termination of the call option agreement entered into by SHCI, Parolamas and the Founders (the "**Call Option Agreement**") and the related agreements, each of the Company, the Founders and Parolamas have entered into an agreement on 13 August 2014 to terminate the Call Option Agreement and the related

agreements (the "**Termination Agreement**"). The Call Option Agreement was entered into on 22 December 2011 under which SHCI was given the option to purchase up to 55% of the issued and paid-up share capital in Parolamas. SHCI and the Company had entered into an agreement on 13 September 2013 (supplemented by an agreement on 31 December 2013) whereby the Company assumed all the rights and obligations under the Call Option Agreement and the related agreements. Pursuant to the Call Option Agreement, SHCI had deposited a sum of S$300,000 with the Founders. The Termination Agreement would take effect from the date of receipt by the Company of repayment of the sum of S$300,000 from the Founders. On 14 August 2014, the Company announced that following the receipt by the Company of the said sum on 14 August 2014, pursuant to the Termination Agreement, the Call Option Agreement and the related agreements had been terminated and had ceased to be legally binding or have any effect whatsoever with effect from 14 August 2014. Please refer to the Company's announcements dated 13 August 2014 and 14 August 2014 for further details.

FY2015

On 27 March 2015, the Company announced that it had, on 26 March 2015, entered into a non-binding memorandum of understanding to acquire 100.0% of the equity interest in Tong Da Medical Device Limited ("**Tong Da Medical**") for a purchase consideration of approximately S$120 million (the "**Proposed Tong Da Medical Acquisition**"). On 29 April 2015, the Company announced that the long stop date for entering into the definitive agreement for the Proposed Tong Da Medical Acquisition had been extended to 15 May 2015 or such later date as may be mutually agreed between the parties. Such long stop date was further extended to 29 May 2015 as announced by the Company on 15 May 2015.

On 2 June 2015, the Company announced that it had entered into a sale and purchase agreement to acquire the entire issued and paid-up share capital of Tong Da Medical for a purchase consideration of S$120.0 million ("**TDM SPA**"). The Company had on 21 July 2015 entered into a supplemental agreement to the TDM SPA to vary certain terms of the TDM SPA (this supplemental agreement together with the TDM SPA are known as, the "**Tong Da SPA**").

On 21 August 2015, the Company was granted a 6-month extension of time by the SGX-ST to meet the requirements for a new listing by 31 January 2016 for the then Proposed Tong Da Medical Acquisition.

On 2 November 2015, the Company announced the mutual termination of the Tong Da SPA. With effect from the termination date of 31 October 2015 of the Tong Da SPA, all the parties to the Tong Da SPA had been released and discharged from all of their respective obligations and liabilities under the Tong Da SPA.

Please refer to the Company's announcements dated 27 March 2015, 29 April 2015, 15 May 2015, 2 June 2015, 21 July 2015, 21 August 2015 and 2 November 2015 for further details in relation to the Proposed Tong Da Medical Acquisition.

FY2016

On 20 January 2016, the Company announced that it had entered into a non-binding memorandum of understanding ("**RTO MOU**") for the acquisition of (i) certain tourism and hospitality businesses and/or assets in Myanmar (the "**RTO Vendor Assets**"), at not less than 50% plus one (1) share of the RTO Vendor Assets (and, in the case of one particular RTO Vendor Asset, not less than 75%), such that the Company will have majority control of and is otherwise able to consolidate each of the RTO Vendor Assets upon completion of the potential transaction; and (ii) an option from certain parties to be procured by one of the vendors to acquire certain tourism assets in Myanmar at a nominal consideration of S$1.00 for the grant of such an option.

Following the entry into the RTO MOU, the Company was granted an extension of time by the SGX-ST on 28 January 2016 to meet the requirements for a new listing from 1 February 2016 to 31 December 2016.

On 1 August 2016, the Company announced that it had entered into a substitution agreement with SHC Capital Holdings Pte Ltd and ERGO dated 22 July 2016 ("**Substitution Agreement**") pursuant to which the parties had agreed to (i) the substitution of the Company's cash deposit of S$1.3 million placed with UOB as security for a standby letter of credit of S$1.3 million issued by UOB in favour of ERGO ("**Cash Deposit**"), with an equivalent amount of S$1.3 million to be furnished and placed as a cash deposit by SHC Capital Holdings Pte Ltd with UOB directly, and (ii) thereafter, the release and return of the Cash Deposit to the Company. Please refer to the Company's announcement dated 1 August 2016 for further details in relation to the Substitution Agreement.

On 24 October 2016, the Company announced that it had entered into the Original SPA for the acquisition of the entire issued and paid-up share capital of a target company to be incorporated by YSIL and/or FMI which will in turn acquire the Memories Businesses pursuant to the Restructuring, for a consideration of S$70,675,130, to be fully satisfied by the issuance and allotment of 268,726,731 Shares in the capital of the Company at an issue price of S$0.263 per Share.

On 31 October 2016, the Company announced a proposed capital reduction ("**Capital Reduction**") to effect a cash distribution to Shareholders of S$0.095 in cash for each ordinary Share in the capital of the Company, amounting to an aggregate distribution of approximately S$29,068,345. The circular containing information on the Capital Reduction was despatched to Shareholders on 14 November 2016, together with the notice of extraordinary general meeting. On 7 December 2016, Shareholders' approval was obtained for the Capital Reduction at the extraordinary general meeting. Please refer to the Company's announcements dated 31 October 2016 for further details in relation to the Capital Reduction.

On 14 December 2016, the Company announced that it was granted a further extension of time by the SGX-ST to meet the requirements for a new listing from 31 December 2016 to 30 September 2017.

On 22 December 2016, the Company announced that the Corporate Vendor notified the Corporate Vendor Nominees that had been nominated to receive Consideration Shares under the RTO SPA.

On 24 December 2016, the Company announced that it was informed on 23 December 2016 by the Vendors that MM Myanmar and the SingCo SPVs had been incorporated.

1 January 2017 to the Latest Practicable Date

On 19 January 2017, the Company announced that the Capital Reduction approved by Shareholders on 7 December 2016 had taken effect on 19 January 2017, and that no application had been made by any creditor during the creditor objection period in relation to the Capital Reduction. Accordingly, the issued and paid-up share capital of the Company of S$40,143,640.40 comprising 305,982,583 Shares was reduced by S$29,068,345 to approximately S$11,075,295.40 comprising 305,982,583 Shares.

On 18 January 2017, the Company announced the completion of the Substitution Agreement.

On 30 June 2017, the Company and the RTO Vendors entered into an extension letter, pursuant to which they have agreed that the long stop date for the fulfilment or waiver of the conditions precedent set out in the Original SPA will be extended from 30 June 2017 to 30 September 2017.

On 17 August 2017, the Company had entered into the Supplemental SPA in which the RTO SPA was amended and restated such that, *inter alia*, the consideration for the acquisition of the entire issued and paid-up share capital of MM Myanmar had been reduced from S$70,675,130 to S$69,694,228, and accordingly, the Consideration Shares had been reduced by 3,729,666 Shares, from 268,726,731 Shares to 264,997,065 Shares.

On 26 September 2017, the Company announced that it was granted a further extension of time by the SGX-ST to meet the requirements for a new listing from 30 September 2017 to 31 December 2017.

On 29 September 2017, the Company announced that the Company and the RTO Vendors had on 29 September 2017 entered into an amendment letter to amend the Supplemental SPA for, *inter alia*, the extension of the long stop date for the fulfilment or waiver of the conditions precedent set out in the RTO SPA to be extended from 30 September 2017 to 31 December 2017. The Company also announced that the RTO Vendors had received the whitewash waiver from the Securities Industry Council on 27 September 2017.

On 17 November 2017, the Company announced that, *inter alia*, SHC Capital Holdings Pte Ltd had been granted a waiver from compliance with Rule 1015(3)(b)(i) of the Catalist Rules in relation to the need for the major shareholder to comply with or observe the moratorium requirements in relation to all or any of the shares held by the major shareholder as at 17 November 2017.

On 20 November 2017, the Company announced that it had entered into the Buyback Undertakings with YSIL, FMI, the Corporate Vendor and JMR.

On 20 November 2017, the Company announced that the Circular containing information on, *inter alia*, the Acquisition, the Share Consolidation, the Proposed Compliance Placement, and the change of name of the Company, together with the notice of EGM, was lodged with the SGX-ST and despatched to Shareholders on 20 November 2017. The Company had also announced that it had received the listing and quotation notice from the SGX-ST on 20 November 2017 in respect of the listing of and quotation for the consolidated Shares, Consideration Shares, Company Placement Shares and the Performance Shares.

On 18 December 2017, Shareholders' approval for, *inter alia*, the Acquisition, the Share Consolidation, the change of name of the Company and the Proposed Compliance Placement was obtained at the EGM.

On 26 December 2017, the Company announced, *inter alia*, the updates on conditions precedent in relation to the RTO SPA, the completion of the Acquisition and the change of Company's name from "SHC Capital Asia Limited" to "Memories Group Limited".

(d) the equity capital and the loan capital of the relevant entity as at the latest practicable date, showing –

(i) in the case of the equity capital, the issued capital; or

(ii) in the case of the loan capital, the total amount of the debentures issued and outstanding, together with the rate of interest payable thereon;

As at the Latest Practicable Date, the equity capital and loan capital of the Company is as follows:

Issued and paid-up share capital	:	S$80,769,523[(1)] comprising 308,707,182 Shares
Loan capital	:	Nil

Note:

(1) Based on the paid-up and issued share capital of the Company reflected on the Accounting and Corporate Regulatory Authority

(e) where –

(i) the relevant entity is a corporation, the number of shares of the relevant entity owned by each substantial shareholder as at the latest practicable date; or

(ii) the relevant entity is not a corporation, the amount of equity interests in the relevant entity owned by each substantial interest-holder as at the latest practicable date;

As at the Latest Practicable Date, the interest of the Substantial Shareholders in the Shares, based on information recorded in the Register of Substantial Shareholders maintained by the Company pursuant to the Companies Act are as follows:

	Direct Interest		Deemed Interest	
Substantial Shareholders	**Number of Shares**	**%**	**Number of Shares**	**%**
YSIL	167,078,848	54.1	–	–
YSH[(1)]	–	–	167,078,848	54.1
FMI	41,947,426	13.6	–	–
Yangon Land Company Limited[(2)]	–	–	41,947,426	13.6
ACE PAO	41,131,520	13.3	–	–
Serge Pun[(3)]	–	–	209,026,274	67.7
SHC Capital Holdings Pte. Ltd.	35,662,759	11.6	–	–
See Hoy Chan Holdings Pte. Ltd.[(4)]	–	–	35,662,759	11.6
See Hoy Chan Sdn. Berhad[(5)]	–	–	35,662,759	11.6

Notes:

(1) YSH is deemed interested in the 167,078,848 Shares held by YSIL arising from its 100.0% interest in YSIL.

(2) Yangon Land Company Limited is deemed interested in the 41,947,426 Shares held by FMI arising from its 51.0% interest in FMI.

(3) As at the Latest Practicable Date, Mr Serge Pun holds in aggregate (both direct and deemed) (i) approximately 33.25% shareholding interests in YSH, which owns the entire shareholding in YSIL; and (ii) approximately 62.7% shareholding interests in FMI. Mr Serge Pun became a substantial shareholder of the Company after the completion of the Acquisition, the Share Consolidation and will continue to be a substantial shareholder of the Company after the completion of the Proposed Compliance Placement.

(4) See Hoy Chan Holdings Pte Ltd has a deemed interest in the 35,662,759 Shares arising from its 100.0% interest in SHC Capital Holdings Pte Ltd.

(5) See Hoy Chan Sdn. Berhad has a deemed interest in the 35,662,759 Shares arising from its 100.0% interest in See Hoy Chan Holdings Pte Ltd, which holds 100.0% interest in SHC Capital Holdings Pte Ltd.

(f) Any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgment of the offer information statement, a material effect on the financial position or profitability of the relevant entity or, where the relevant entity is a holding company or holding entity of a group, of the group;

As at the date of lodgement of this Offer Information Statement, the Directors are not aware of any legal or arbitration proceedings, including those which are pending or known to be contemplated, to which the Company or the Group is a party, which, in the opinion of the Directors, may have or have had in the last 12 months immediately preceding the date of lodgement of this Offer Information Statement, a material effect on the financial position or the profitability of the Group.

(g) Where any securities or equity interests of the relevant entity have been issued within the 12 months immediately preceding the latest practicable date —

(i) if the securities or equity interests have been issued for cash, state the prices at which the securities have been issued and the number of securities or equity interests issued at each price; or

(ii) if the securities or equity interests have been issued for services, state the nature and value of the services and give the name and address of the person who received the securities or equity interests; and

In relation to the Acquisition, the Company had on 26 December 2017 allotted and issued 264,997,065 Consideration Shares to YSIL, FMI, the Placement Vendor and ACE PAO at the issue price of S$0.263 per Consideration Share, each credited as fully paid up, in satisfaction of the consideration for the Acquisition pursuant to the RTO SPA.

Save as disclosed above, the Company has not issued any securities or equity interests within 12 months immediately preceding the Latest Practicable Date.

(h) A summary of each material contract, other than a contract entered into in the ordinary course of business, to which the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any member of the group is a party, for the period of 2 years immediately preceding the date of lodgment of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the relevant entity or any other member of the group, as the case may be.

A summary of the material contracts, not being contracts entered into in the ordinary course of business, entered into by the Company or its subsidiaries during the period of two (2) years immediately preceding the date of lodgement of this Offer Information Statement is set out below:

(i) the Company and CUIKS Limited, MENGGS Limited, LILC Limited, JongkolTrakulyingcharoen, Flourishing Profits Venture Limited, Hong Liang and Teoh Sew Hock (collectively, the "**Tong Da Vendors**") had, through an exchange of correspondence, agreed on 2 November 2015 to a mutual termination of the Tong Da SPA entered into between the Company and the Tong Da Vendors with effect from 31 October 2015;

(ii) the Company and the RTO Vendors had on 24 October 2016 entered into the Original SPA;

(iii) the Company, SHC Capital Holdings Pte Ltd and ERGO had entered into a Substitution Agreement pursuant to which the parties have agreed to (i) the substitution of the Company's cash deposit of S$1.3 million placed with UOB as security for a standby letter of credit of S$1.3 million issued by UOB in favour of ERGO, with an equivalent amount of S$1.3 million to be furnished and placed as a cash deposit by SHC Capital Holdings Pte Ltd with UOB directly; and (ii) thereafter, the release and return of the Cash Deposit to the Company;

(iv) the Company and the RTO Vendors had on 30 June 2017 entered into an extension letter, pursuant to which they have agreed that the long stop date for the fulfilment or waiver of the conditions precedent set out in the Original SPA will be extended from 30 June 2017 to 30 September 2017;

(v) the Company and the RTO Vendors had on 17 August 2017 entered into the Supplemental SPA;

(vi) the Company and the Placement Vendor had on 17 August 2017 entered into the JMR Deed of Undertaking and Warranty;

(vii) the Company and the RTO Vendors had on 29 September 2017 entered into an amendment letter to amend the Supplemental SPA such that, *inter alia*, the extension of the long stop date for the fulfilment or waiver of the conditions precedent set out in the RTO SPA to be extended from 30 September 2017 to 31 December 2017; and

(viii) the Company had on 20 November 2017 entered into the Buyback Undertakings.

Save as disclosed above, the Company is not a party to any material contracts, not being contracts entered into in the ordinary course of business, for the period of two (2) years immediately preceding the date of lodgement of this Offer Information Statement.

Save for the Restructuring Documents (as defined in the Circular), certain material contracts had been entered into within the two (2) years preceding the date of lodgement of this Offer Information Statement by MM Myanmar and/or its subsidiaries, being the Company's new subsidiaries following the completion of the Acquisition, such as:

(i) the JMR Deed of Undertaking and Warranty dated 17 August 2017 as amended on 29 September 2017. No consideration was payable or given for the JMR Deed of Undertaking and Warranty as it was given in connection with the Acquisition;

(ii) the master settlement and investment deed, dated 24 October 2017 as amended and restated on 17 August 2017 and further amended and restated on 19 November 2017, entered into by MM Myanmar (upon acceding to the master settlement and investment deed), the RTO Vendors and all of the relevant Registered Shareholders for the purpose of, *inter alia*, restructuring and consolidating RTO Vendors' interests in the Memories Businesses under MM Myanmar pursuant to the Restructuring and obtaining the agreement and undertakings of the Registered Shareholders to implement and give effect to the

Restructuring. In consideration for the Restructuring, 69,694,226 shares in the capital of MM Myanmar were issued to the RTO Vendors;

(iii) the deeds of assignment entered into between EVL and each of DMC SPV and HAL SPV on 19 November 2017 respectively, pursuant to which EVL assigned all its rights under the Corporate Vendor Buyout, in respect of the DMC Business and HAL Business respectively to DMC SPV and HAL SPV respectively. No consideration was payable by MM Myanmar and/or its subsidiaries under the deeds of assignment as they were entered into in connection with the Restructuring;

(iv) the deeds of covenant entered into between AHTT, EVL and each of the Previous Interest Holders of AHTT on 12 December 2016, pursuant to which each Previous Interest Holder, *inter alia*, undertakes to AHTT and EVL not to carry out certain activities competing with the business of AHTT. No consideration was payable by MM Myanmar and/or its subsidiaries under these deeds;

(v) the deeds of covenant entered into between TLH, EVL and each of the Previous Interest Holders of TLH on 4 February 2017, pursuant to which each Previous Interest Holder, *inter alia*, undertakes to TLH and EVL not to carry out certain activities competing with the business of TLH. No consideration was payable by MM Myanmar and/or its subsidiaries under these deeds;

(vi) the collaboration agreement dated 12 December 2016 entered into between AHTT and Phoenix Voyages Group Limited;

(vii) the service allocation agreements entered into between TLH and each of Ancient Cities Flotilla Tourism Service Company Limited and Swiss Hospitality Group Co., Ltd. dated 1 January 2017 setting out the terms and conditions for the allocation of a certain percentage of TLH's employees' working hours to the management and operation of the Ancient Cities Flotilla business, and the business of Swiss Hospitality Group Co., Ltd. respectively. The consideration payable under such agreements varied according to the time the relevant employees allocated to the HAL Business, the Ancient Cities Flotilla business and the business of Swiss Hospitality Group Co. Ltd. respectively;

(viii) the deed of assumption dated 17 August 2017 and entered into between AHTT, EVL and Phoenix Voyages Group Limited in relation to certain liabilities amounting to US$712,192 that were owing by EVL to AHTT, which were assumed by MM Myanmar (the "**Assumed Liabilities**");

(ix) the deed of assumption dated 17 August 2017 and entered into between AHTT, EVL and MM Myanmar in relation to the Assumed Liabilities;

(x) the agreement relating to the assets, cost and expenses of the PHL Business dated 26 January 2016 entered into between YDG, SPA Project Management Pte. Ltd., PHL and PHLHML, as amended by the amendment agreement dated 1 June 2017 (the "**ACTA**");

(xi) the various agreements with contractors entered into by PHLHML and PHL on 30 June 2017 pursuant to which PHLHML assumed the rights and obligations of

PHL under various supply, construction and other service contracts with third parties in relation to the construction of Pun Hlaing Lodge, effective from 1 July 2017;

(xii) the share subscription and shareholders' agreement dated 17 August 2017 entered into between the RTO Vendors and MM Myanmar;

(xiii) a master settlement deed dated 19 November 2017 entered into by and between (a) SLTG; (b) CIL; (c) MM Myanmar; (d) Serge Pun & Associates (Myanmar) Limited; and (e) YSIL whereby parties agreed that, *inter alia*, subject to and conditional upon completion of the Acquisition taking place, certain outstanding amounts which are due from SLTG and/or CIL to certain members of YSH and its subsidiaries or certain members of Serge Pun & Associates (Myanmar) Limited and its subsidiaries (collectively the "**Related Parties**") and certain outstanding amounts which are due from the Related Parties to SLTG and/or CIL shall be assigned by or to, and/or assumed, by SLTG and/or CIL and/or the Related Parties and (where applicable) set off against certain other outstanding amounts which are due from SLTG and/or CIL to the Related Parties as at 30 September 2017 and/or certain other outstanding amounts which are due from the Related Parties to SLTG and/or CIL as at 30 September 2017 shall be deemed set off, waived, released, discharged or otherwise deemed, settled or satisfied on completion of the Acquisition, such that as at 30 September 2017, a net resulting amount of US$138,044 remains owing by SLTG and/or CIL to the Related Parties;

(xiv) the deed of assignment entered into between BL SPV and Chindwin Holdings Pte. Ltd. on 19 November 2017 pursuant to which BL SPV will be assigned certain non-trade payables of CIL owing to related parties of the BL Vendors as mutually agreed between CIL and BL SPV, amounting to US$6,398,526 and Kyat 226,000,000, such assignment effective from completion of the Acquisition;

(xv) the deed of assignment entered into between HAL SPV and MMT on 19 November 2017 pursuant to which HAL SPV was assigned, *inter alia*, a loan previously made by MMT to TLH and the amount owing by TLH to MMT for the transfer of the HAL Land by MMT to HAL, with such assignment to be effective from the completion of the Acquisition; and

(xvi) the deed of assignment dated 19 November 2017 entered into by YDG and SPA Project Management Pte. Ltd. pursuant to which YDG and SPA Project Management Pte. Ltd. assigned (at nominal consideration payable to them) all their rights arising under the ACTA (including the ACTA Amounts to be capitalised by way of further issues of shares in PHLHML) to PHL SPV and MM Myanmar, such assignment to be effective from completion of the Acquisition.

Please refer to the Circular annexed to this Offer Information Statement as Appendix O for further details on the Restructuring Documents and the material contracts of MM Myanmar and/or its subsidiaries.

SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

PART V: OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Operating Results

1. Provide selected data from

(a) the audited income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, the audited consolidated income statement of the relevant entity or the audited combined income statement of the group, for each financial year (being one of the 3 most recent completed financial years) for which that statement has been published; and

(b) any interim income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any interim consolidated income statement of the relevant entity or interim combined income statement of the group, for any subsequent period for which that statement has been published.

Please see below.

2. The data referred to in paragraph 1 of this Part shall include the line items in the audited income statement, audited consolidated income statement, audited combined income statement, interim income statement, interim consolidated income statement or interim combined income statement, as the case may be, and shall in addition include the following items:

(a) dividends declared per share in both the currency of the financial statements and the Singapore currency, including the formula used for any adjustment to dividends declared;

(b) earnings or loss per share; and

(c) earnings or loss per share, after any adjustment to reflect the sale of new securities.

The audited financial information of the Group and the interim financial information of the Group will be presented to reflect the historical financial performance of the Group prior to the completion of the Acquisition.

The consolidated income statements of the Group presented below reflects the historical financial information of the Group prior to the completion of the Acquisition. The audited consolidated income statement of the Group for FY2015, FY2016, FY2017, and the unaudited interim consolidated income statement of the Group for 1H2017 and 1H2016 are set out as follows:

	← Audited →			← Unaudited →	
S$'000	**FY2016**	**FY2015**	**FY2014**	**1H2017**	**1H2016**
Gain on disposal of investment in subsidiary	–	–	64,725	–	–
Finance and other income	85	92	3,597	20	43
Total income	85	92	68,322	20	43
Staff costs	(9)	(9)	(140)	(4)	(4)
Depreciation of plant and equipment	(126)	(125)	(62)	(63)	(63)
Other operating expenses	(2,323)	(2,636)	(1,559)	(970)	(871)
Total expenses	(2,458)	(2,770)	(1,761)	(1,037)	(938)
(Loss)/profit before income tax	(2,373)	(2,678)	66,561	(1,017)	(895)
Income tax expense	–	(3)	–	–	–
(Loss)/profit for the year/period	**(2,373)**	**(2,681)**	**66,561**	**(1,017)**	**(895)**
Other comprehensive income	–	–	–	–	–
Other comprehensive income for the year/period, net of tax	–	–	–	–	–
Total comprehensive (loss)/income for the year/period	**(2,373)**	**(2,681)**	**66,561**	**(1,017)**	**(895)**
(Loss)/earnings per share					
Basic (loss)/earnings per share (S$ cents)[1]	(0.78)[2]	(0.88)[2]	21.78[3]	(0.33)[2]	(0.29)[2]
Diluted (loss)/earnings per share (S$ cents)[1]	(0.78)[2]	(0.88)[2]	21.59[3]	(0.33)[2]	(0.29)[2]
(Loss)/earnings per share after the Share Consolidation, the completion of the Acquisition and adjustment for the allotment and issuance of the Placement Shares					
Basic (loss)/earnings per share (S$ cents)[1]	(0.68)[4]	(0.76)[4]	18.95[5]	(0.29)[4]	(0.25)[4]
Diluted (loss)/earnings per share (S$ cents)[1]	(0.68)[4]	(0.76)[4]	18.80[5]	(0.29)[4]	(0.25)[4]

Notes:

(1) Basic and diluted loss/earnings per share are calculated by dividing the total comprehensive loss/profit for the year/period by the weighted average number of shares for the respective financial year/period.

(2) The basic and diluted loss per share for FY2015, FY2016, 1H2016 and 1H2017 is calculated based on the weighted average number of shares of 305,982,583 Shares.

(3) The basic and diluted earnings per share for FY2014 is calculated based on the weighted average number of shares of 305,982,583 Shares and 308,353,665 Shares respectively.

(4) For illustrative purposes, the basic and diluted loss per share are calculated based on the enlarged share capital of 351,307,182 Shares for FY2015, FY2016, 1H2016 and 1H2017.

(5) For illustrative purposes, the basic and diluted earnings per share for FY2014 is calculated based on the enlarged share capital of 351,307,182 Shares and 354,001,552 Shares respectively.

Please refer to Appendix C entitled "Unaudited Pro Forma Consolidated Financial Information of SHC Capital Asia Limited and its Subsidiary Corporations for the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-Month Period Ended 30 June 2017" and Appendix D entitled "Unaudited Pro Forma Consolidated Financial Information of MM Myanmar Pte. Ltd. and its Subsidiary Corporations for the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-Month Period Ended 30 June 2017" of the Circular annexed to this Offer Information Statement as Appendix O.

3. In respect of:

(a) each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and

(b) any subsequent period for which interim financial statements have been published,

provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected profit or loss before tax of the relevant entity or, if it is the holding company or holding entity of a group, of the group, and indicate the extent to which such profit or loss before tax of the relevant entity or the group, as the case may be, was so affected. Describe any other significant component of revenue or expenditure necessary to understand the profit or loss before tax for each of these financial periods.

A review of the Group's past performance for FY2014, FY2015, FY2016, 1H2016 and 1H2017 is set out below.

FY2015 vs FY2014

In FY2015, the Group recorded finance and other income of approximately S$0.1 million which was related to interest income from bank deposits. This was compared to S$3.6 million recorded in FY2014 which was largely related to dividend income received from SHCI before the Disposal of SHCI. The Group also recorded a net gain from the Disposal of SHCI of approximately S$64.7 million in FY2014. There was no such item in FY2015.

The Group incurred other operating expenses of approximately S$2.6 million in FY2015 as compared to approximately S$1.6 million in FY2014. Such expenses in FY2015 related mainly to (i) fees paid to the interim CEO and interim CFO; and (ii) professional fees in respect of the Proposed Tong Da Medical Acquisition.

As a result of the above, the Group reported a net loss after tax of approximately S$2.7 million in FY2015 as compared to a net profit after tax of approximately S$66.6 million in FY2014.

FY2016 vs FY2015

The Group recorded finance income of approximately S$0.1 million in both FY2016 and FY2015 which was related to interest income from bank deposits. The Group incurred other operating expenses of approximately S$2.3 million in FY2016, a decrease of 12% as compared to approximately S$2.6 million in FY2015. This was mainly due to the absence of legal and professional fees incurred in relation to the Proposed Tong Da Medical Acquisition which was terminated in FY2015 which was partially offset by the increase of such fees incurred in respect of the Acquisition.

As a result of the above, the Group reported a net loss of approximately S$2.4 million in FY2016 as compared to a net loss of approximately S$2.7 million in FY2015.

1H2017 vs 1H2016

In 1H2017, the Group recorded finance income of S$20,000 from interest earned on bank deposits. The increase in other operating expenses to approximately S$1.0 million was mainly due to higher professional fees in relation to the Acquisition.

As a result of the above, the Group reported a net loss of approximately S$1.0 million in 1H2017.

Financial Position

4. Provide selected data from the balance sheet of the relevant entity or, if it is the holding company or holding entity of a group, the group as at the end of –

(a) the most recent completed financial year for which audited financial statements have been published; or

(b) if interim financial statements have been published for any subsequent period, that period.

Please see below.

5. The data referred to in paragraph 4 of this Part shall include the line items in the audited or interim balance sheet of the relevant entity or the group, as the case may be, and shall in addition include the following items:

(a) number of shares after any adjustment to reflect the sale of new securities;

(b) net assets or liabilities per share; and

(c) net assets or liabilities per share after any adjustment to reflect the sale of new securities.

The audited statement of financial position of the Group and the unaudited interim statement of financial position of the Group will be presented to reflect the historical financial position of the Group prior to the completion of the Acquisition.

The audited statement of financial position as at 31 December 2016 and the unaudited interim statement of financial position as at 30 June 2017 are set out as follows:

S$'000	Unaudited As at 30 June 2017	Audited As at 31 December 2016
Assets		
Plant and equipment	250	313
Non-current assets	250	313
Deposits and prepayments	18	9
Cash and cash equivalents	6,338	36,635
Current assets	6,356	36,644
Total assets	6,606	36,957
Shareholders' equity		
Share capital	11,076	40,144
Accumulated losses	(4,674)	(3,657)
Total shareholders' equity	6,402	36,487
Liabilities		
Other payables	204	470
Total and current liabilities	204	470
Total equity and liabilities	6,606	36,957

Before the Share Consolidation and the allotment and issuance of Consideration Shares and Company Placement Shares	Unaudited As at 30 June 2017	Audited As at 31 December 2016
Number of ordinary shares	305,982,583	305,982,583
Net assets per share (S$ cents)	2.09	11.92

After the Share Consolidation, the allotment and issuance of Consideration Shares, and assuming the allotment and issuance of all Company Placement Shares	As at 30 June 2017	As at 31 December 2016
Number of ordinary shares	351,307,182	351,307,182
Net assets per share after the Acquisition and allotment and issuance of the Company Placement Shares (S$ cents)	1.82	10.39

Please refer to Appendix C entitled "Unaudited Pro Forma Consolidated Financial Information of SHC Capital Asia Limited and its Subsidiary Corporations for the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-Month Period ended 30 June 2017" and Appendix D entitled "Unaudited Pro Forma Consolidated Financial Information of MM Myanmar Pte. Ltd. and its Subsidiary Corporations for the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-Month Period ended 30 June 2017" of the Circular annexed as Appendix O of this Offer Information Statement.

Liquidity and Capital Resources

6. Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of –

(a) the most recent completed financial year for which financial statements have been published; and

(b) if interim financial statements have been published for any subsequent period, that period.

In this paragraph, the audited financial information of the Group and the interim financial information of the Group will be presented to reflect the historical financial performance of the Group prior to the completion of the Acquisition.

The audited cash flow statement of the Group for FY2016 and the unaudited cash flow statement of the Group for 1H2017 are set out below:

S$'000	Unaudited 1H2017	Audited FY2016
Cash flows from operating activities		
Loss before income tax	(1,017)	(2,373)
Adjustments for:		
Depreciation of plant and equipment	63	126
Interest income	(20)	(85)
	(974)	(2,332)
Changes in working capital:		
Deposits and prepayments	(9)	–
Other payables	(266)	(14)
Cash used in operations	(1,249)	(2,346)
Interest received	20	85
Net cash used in operating activities	**(1,229)**	**(2,261)**
Cash flows from investing activities		
Deposit released as collateral for standby letter of credit	–	12,500
Deposit (withheld in)/released from escrow account	29,064	(11,289)
Net cash from investing activities	**29,064**	**1,211**
Cash flows from financing activities		
Cash distribution to shareholders	(29,068)	–
Net cash used in financing activities	(29,068)	–
Net decrease in cash and cash equivalents	(1,233)	(1,050)
Cash and cash equivalents at beginning of financial period/year	5,945	6,995
Cash and cash equivalents as at end of financial period/year	**4,712**	**5,945**

FY2016

Net cash used in operating activities in FY2016 of approximately S$2.3 million was due mainly to payment of fees for the interim CEO and interim CFO as well as professional fees related to the Acquisition.

Net cash from investing activities in FY2016 was due to the release of approximately S$12.5 million of deposit which was withheld as collateral for two (2) standby letters of credit in connection with the Disposal of SHCI, 90% of which was subsequently placed in the escrow account in accordance with the requirements of Rule 1017(1)(a) of the Catalist Rules.

There were no cash generated from or used in financing activities in FY2016.

1H2017

Net cash used in operating activities in 1H2017 of approximately S$1.2 million was due mainly to payment of fees for the interim CEO and interim CFO and Directors' fees for the financial year ended 31 December 2016 as well as professional fees related to the Acquisition.

Net cash generated from investing activity in 1H2016 of approximately S$29.1 million was due to the release of deposit from the escrow account for the payment of Capital Reduction.

Net cash used in financing activity in 1H2017 of approximately S$29.1 million was due to the payment of Capital Reduction.

As a result of the above, there was a net decrease in cash and cash equivalents of approximately S$1.2 million in 1H2017 and as at 30 June 2017, the Company had cash and cash equivalents of approximately S$4.7 million.

Please refer to Section 7.5 of Part B and Section 13.5 of Part A of the Circular annexed to this Offer Information Statement as Appendix O, for more information relating to the discussions on the liquidity and capital resources of Memories Group.

7. Provide a statement by the directors or equivalent persons of the relevant entity as to whether, in their reasonable opinion, the working capital available to the relevant entity or, if it is the holding company or holding entity of a group, to the group, as at the date of lodgment of the offer information statement, is sufficient for present requirements and, if insufficient, how the additional working capital considered by the directors or equivalent persons to be necessary is proposed to be provided.

As at the date of lodgment of this Offer Information Statement, the Directors are of the opinion that, after having made due and careful enquiry and after taking into consideration the Group's existing bank and cash balances, the working capital available to the Group is sufficient to meet its present requirements.

8. If the relevant entity or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the relevant entity's financial position and results or business operations, or the investments by holders of securities in the relevant entity, provide

(a) a statement of that fact;

(b) details of the credit arrangement or bank loan; and

(c) any action taken or to be taken by the relevant entity or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).

As at the date of lodgement of this Offer Information Statement, the companies in the Group do not have any credit arrangements or bank loans.

Trend Information and Profit Forecast or Profit Estimate

9. Discuss, for at least the current financial year, the business and financial prospects of the relevant entity or, if it is the holding company or holding entity of a group, the group, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.

Save as disclosed in Section 16 of Part A of the Circular entitled "Risk Factors" and Section 5.19, 5.20 and 5.21 of Part B of the Circular entitled "Strategy and Future Plans", "Industry Prospects" and "Trend Information" respectively (the Circular is annexed to this Offer Information Statement as Appendix O), the public announcements made by the Company and this Offer Information Statement, the Directors are not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Offer Information Statement to be not necessarily indicative of the future operating results or financial condition.

10. Where a profit forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or revenues and profit, and discuss the impact of any likely change in business and operating conditions on the forecast.

Not applicable. No profit forecast is disclosed in this Offer Information Statement.

11. Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors or equivalent persons of the relevant entity have based their profit forecast or profit estimate, as the case may be.

Not applicable. No profit forecast or profit estimate is disclosed in this Offer Information Statement.

12. Where a profit forecast is disclosed, include a statement by an auditor of the relevant entity as to whether the profit forecast is properly prepared on the basis of the assumptions referred to in paragraph 11 of this Part, is consistent with the accounting policies adopted by the relevant entity, and is presented in accordance with the accounting standards adopted by the relevant entity in the preparation of its financial statements.

Not applicable. No profit forecast is disclosed in this Offer Information Statement.

13. Where the profit forecast disclosed is in respect of a period ending on a date not later than the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part –

(a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, that the profit forecast has been stated by the directors or equivalent persons of the relevant entity after due and careful enquiry and consideration; or

(b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

Not applicable. No profit forecast is disclosed in this Offer Information Statement.

14. Where the profit forecast disclosed is in respect of a period ending on a date after the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part –

(a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast; or

(b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

Not applicable. No profit forecast is disclosed in this Offer Information Statement.

Significant Changes

15. Disclose any event that has occurred from the end of –

(a) the most recent completed financial year for which financial statements have been published; or

(b) if interim financial statements have been published for any subsequent period, that period,

to the latest practicable date which may have a material effect on the financial position and results of the relevant entity or, if it is the holding company or holding entity of a group, the group, or, if there is no such event, provide an appropriate negative statement.

Save as disclosed in this Offer Information Statement, the Circular annexed to this Offer Information Statement as Appendix O, and all public announcements made by the Company via SGXNET, the Directors are not aware of any event which has occurred from 30 June 2017 and up to the Latest Practicable Date which may have a material effect on the financial position and results of the Group.

16. In this Part, "published" includes publication in a prospectus, in an annual report or on the SGXNET.

Noted.

SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

PART VI: THE OFFER AND LISTING

Offer and Listing Details

1. Indicate the price at which the securities are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgment of the offer information statement, the method by which the offer price is to be determined must be explained.

The Placement Price for each Placement Share is S$0.25.

Subscribers for and/or purchasers of the Placement Shares may be required to pay to the Placement Agent a brokerage fee of 1.0% of the aggregate Placement Price for the number of Placement Shares which the Placement Agent has successfully placed or sold to the subscribers and/or purchasers.

Save for the foregoing, no expense will be specifically charged to the subscribers and/or purchasers procured by the Placement Agent.

2. If there is no established market for the securities being offered, provide information regarding the manner of determining the offer price, the exercise price or conversion price, if any, including the person who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.

Not applicable as the Shares are, and the Placement Shares are or will be (as the case may be), listed on the Catalist Board of the SGX-ST.

3. If –

(a) any of the relevant entity's shareholders or equity interest-holders have pre-emptive rights to subscribe for or purchase the securities being offered; and

(b) the exercise of the rights by the shareholder or equity interest-holder is restricted, withdrawn or waived,

indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.

Not applicable. None of the Shareholders have pre-emptive rights over the Placement Shares.

4. If securities of the same class as those securities being offered are listed for quotation on any securities exchange:

(a) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –

(i) for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and

(ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date; or

(b) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities

(i) for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and

(ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;

(c) disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the securities have been listed for quotation for less than 3 years, during the period from the date on which the securities were first listed to the latest practicable date; and

(d) disclose information on any lack of liquidity, if the securities are not regularly traded on the securities exchange.

(a) The price range and volume of the Shares traded on the SGX-ST over each of the last 12 calendar months immediately preceding the Latest Practicable Date, and for the period from 1 December 2017 to the Latest Practicable Date are as follows:

	Price Range (S$)		Volume of Shares traded on SGX-ST
	High	Low	
1 December 2017 to the Latest Practicable Date[(1)]	0.070	0.044	249,200
November 2017	0.058	0.034	3,511,000
October 2017	0.040	0.034	1,465,900

	Price Range (S$)		Volume of Shares traded on SGX-ST
	High	Low	
September 2017	0.050	0.038	58,100
August 2017	0.047	0.042	419,900
July 2017	0.049	0.044	511,100
June 2017	0.055	0.047	175,000
May 2017	0.059	0.050	82,200
April 2017	0.060	0.050	450,000
March 2017	0.055	0.050	1,325,900
February 2017	0.057	0.050	2,719,900
January 2017	0.148	0.053	5,044,200
December 2016	0.150	0.136	5,389,100

Source: Bloomberg L.P. [(2)]

Note:

(1) The Share Consolidation was effected on 26 December 2017. However, for illustrative purposes, the price range is presented prior to the completion of the Share Consolidation.

(2) Bloomberg L.P. has not consented to the inclusion of the information above for the purposes of Section 249 and Section 277 of the SFA and is therefore not liable for such information under Sections 253 and 254 of the SFA. The Company has included the above information in its proper form and context in this Offer Information Statement and has not verified the accuracy of such information. The Company is not aware of any disclaimers made by Bloomberg L.P. in relation to the above information.

(b) Not applicable as the Shares have been listed on the SGX-ST for more than 12 months immediately preceding the Latest Practicable Date.

(c) There has been no significant trading suspension of the Shares on the SGX-ST during the three (3) years immediately preceding the Latest Practicable Date.

(d) The Shares are regularly traded on the SGX-ST. Please refer to the table above at paragraph 4(a) of this Part VI for the volume of Shares traded during each of the last 12 calendar months immediately preceding the Latest Practicable Date and for the period from 1 December 2017 to the Latest Practicable Date, for more information.

5. Where the securities being offered are not identical to the securities already issued by the relevant entity, provide

(a) statement of the rights, preferences and restrictions attached to the securities being offered; and

(b) an indication of the resolutions, authorisations and approvals by virtue of which the entity may create or issue further securities, to rank in priority to or *pari passu* with the securities being offered.

Not applicable as the Company Placement Shares, upon allotment and issue, and the Vendor Placement Shares, upon transfer, will rank *pari passu* in all respects with the then existing issued Shares, save that they shall not rank for any dividends, rights, entitlements, allotments or distributions (if any), the record date in respect of which falls prior to the date of allotment and issue of the Company Placement Shares or the transfer of the Vendor Placement Shares, as the case may be.

Plan of Distribution

6. Indicate the amount, and outline briefly the plan of distribution, of the securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.

Number of Placement Shares:	Up to 50,000,000 Placement Shares
Manner of Placement:	PPCF, as the Placement Agent, will, pursuant to the Placement Agreement, procure subscribers for and/or purchasers of the Placement Shares at the Placement Price on a best efforts basis subject to the terms and conditions of the Placement Agreement.

The obligations of the Placement Agent under the Placement Agreement will be subject to the fulfilment or waiver of certain conditions, as described in Paragraph 3 of Part III – Offer Statistics and Timetable in the section entitled "Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005" of this Offer Information Statement.

7. Provide a summary of the features of the underwriting relationship together with the amount of securities being underwritten by each underwriter.

Not applicable, as there is no underwriter for the Proposed Compliance Placement.

SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

PART VII: ADDITIONAL INFORMATION

Statements by Experts

1. Where a statement or report attributed to a person as an expert is included in the offer information statement, provide such person's name, address and qualifications.

Not applicable. No statement or report attributed to a person as an expert is included in this Offer Information Statement.

2. Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert

(a) state the date on which the statement was made;

(b) state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and

(c) include a statement that the expert has given, and has not withdrawn, his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.

Not applicable. No statement or report made by an expert is included in this Offer Information Statement.

3. The information referred to in paragraphs 1 and 2 of this Part need not be provided in the offer information statement if the statement attributed to the expert is a statement to which the exemption under regulation 26(2) or (3) applies.

Not applicable.

Consents from Issue Managers and Underwriters

4. Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.

PrimePartners Corporate Finance Pte. Ltd., the Financial Adviser and the Placement Agent in respect of the Proposed Compliance Placement, and the Sponsor to the Company, has given and has not, before the lodgement of this Offer Information Statement with the SGX-ST, acting as agent on behalf of the Authority, withdrawn its written consent to the issue of this Offer Information Statement with the inclusion of its name and all references hereto in the form and context in which they appear in this Offer Information Statement.

Other Matters

5. Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly

(a) the relevant entity's business operations or financial position or results; or

(b) investments by holders of securities in the relevant entity.

Save as disclosed in this Offer Information Statement and the Circular (annexed to this Offer Information Statement as Appendix O) or as may have been publicly announced by the Company via SGXNET, the Directors are not aware of any matters which could materially affect, directly or indirectly:

(a) the Company's business operations or financial position or results; or

(b) investments by holders of securities in the Company.

SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

PART VIII: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF DEBENTURES OR UNITS OF DEBENTURES

Not applicable.

PART IX: ADDITIONAL INFORMATION REQUIRED FOR CONVERTIBLE DEBENTURES

Not applicable.

PART X: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF SECURITIES BY WAY OF RIGHTS ISSUE

Not applicable.

DIRECTORS' RESPONSIBILITY STATEMENT

This Offer Information Statement is dated 27 December 2017.

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Offer Information Statement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Offer Information Statement constitutes full and true disclosure of all material facts about the Proposed Compliance Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Offer Information Statement misleading. Where information in this Offer Information Statement 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 Offer Information Statement in its proper form and context.

For and on behalf of **MEMORIES GROUP LIMITED**

SERGE PUN @ THEIM WAI	**GEORGES MICHEL NOVATIN**
TUN TUN	**BASIL CHAN**
ROBIN LEE CHYE BENG	**JUDY CHAN**

PLACEMENT VENDOR'S RESPONSIBILITY STATEMENT

This Offer Information Statement is dated 27 December 2017.

The Placement Vendor accepts full responsibility for the accuracy of the information given in this Offer Information Statement and confirms after making all reasonable enquiries that, to the best of his knowledge and belief, this Offer Information Statement constitutes full and true disclosure of all material facts about the Proposed Compliance Placement, the Company and its subsidiaries, and the Placement Vendor is not aware of any facts the omission of which would make any statement in this Offer Information Statement misleading. Where information in this Offer Information Statement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Placement Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Information Statement in its proper form and context.

JEAN-MICHEL ALAIN ROMON

APPENDIX A
ANNOUNCEMENT OF THE COMPANY DATED 24 OCTOBER 2016 IN RESPECT OF THE ORIGINAL SPA

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

PROPOSED ACQUISITION BY SHC CAPITAL ASIA LIMITED OF CERTAIN TOURISM RELATED BUSINESSES IN MYANMAR – REVERSE TAKEOVER TRANSACTION

1. INTRODUCTION

1.1 The board of directors ("**Board**") of SHC Capital Asia Limited ("**Company**") wishes to announce ("**Announcement**") that the Company had on 24 October 2016 entered into a conditional sale and purchase agreement ("**SPA**") with Yoma Strategic Investments Ltd. ("**YSIL**"), First Myanmar Investment Company Limited ("**FMI**") and Exemplary Ventures Limited ("**Corporate Vendor**") (each, a "**Vendor**" and collectively, "**Vendors**") (the Company and Vendors shall collectively be referred to herein as "**Parties**"), pursuant to which the Company shall acquire from the Vendors the entire issued and paid-up share capital ("**Sale Shares**") of a company ("**Target**") to be incorporated by YSIL and/or FMI which will in turn acquire the Target Businesses (as defined in Section 4.3 below) pursuant to the Restructuring (as defined in Section 4.5 below), for a consideration to be satisfied in full by the issuance and allotment of new ordinary shares in the capital of the Company ("**Consideration Shares**") at the issue price of S$0.263 per Consideration Share (post-Proposed Share Consolidation) (as defined in Section 9 of Appendix D of this Announcement) ("**Issue Price**") ("**Proposed Acquisition**").

1.2 The Issue Price ascribes a value of S$11,500,000 to the Company (assuming that the Company effects the Proposed Cash Distribution (as defined in Section 5.4 below) to return substantially all its existing cash balances to Shareholders on a pro-rata basis save for, *inter alia*, the cash balance of S$5,000,000 which the Company is supposed to retain as part of its cash reserves as at Completion (as defined in Section 5.1 below) ("**Cash Balance**")). Please refer to Section 5.4 of this Announcement for further details.

1.3 The Target will be incorporated at the outset by YSIL and/or FMI, and pursuant to the Restructuring, the Vendors will become the legal and beneficial owners of the entire issued and paid-up share capital of the Target in the relevant proportion ("**Relevant Proportion**") as set out in Appendix A herein, and sell the Sale Shares to the Company at Completion. Please refer to Section 3 of this Announcement (Information on the Relevant Vendor Parties) for further details of each Vendor.

1.4 Pursuant to the SPA, the Parties agree that the purchase consideration for the Sale Shares payable by the Company shall be S$70,675,130 ("**Consideration**"). The Consideration shall be fully satisfied, on Completion, by the issuance and allotment of Consideration Shares ("**Consideration Shares Issuance**") to YSIL, FMI and (in the case of the Corporate Vendor) to the Corporate Vendor Nominees (as defined in Section 1.5 below) nominated by the Corporate Vendor as set out below (collectively, "**Relevant Vendor Parties**") (rounded up to the nearest Consideration Share):

S/No.	Name of Vendors	Relevant Proportion of Consideration Shares (%)	Number of Consideration Shares (on a post-Proposed Share Consolidation basis)
1.	YSIL	62.17	167,078,848
2.	FMI	15.61	41,947,426
3.	Corporate Vendor	22.22	59,700,457
Total		**100.00**	**268,726,731**

1.5 Under the terms of the SPA, the Corporate Vendor shall notify the Company of the persons or entities ("**Corporate Vendor Nominees**") it intends to nominate to receive the Consideration Shares due to it under the SPA, within 30 days of the signing of the SPA to the extent feasible or possible, or in any event within 60 days of the signing of the SPA.

The Corporate Vendor will be nominating the following parties to be issued and allotted the Consideration Shares due to it under the SPA:

S/No.	Name of Corporate Vendor Nominees	Relevant Proportion of Consideration Shares (%)	Number of Consideration Shares (on a post-Proposed Share Consolidation basis)
a.	Jean-Michel Alain Romon ("**JMR**")	6.91	18,568,937
b.	Investor Co Nominees (as defined in Section 3.1 below)	15.31	41,131,520
Total		**22.22**	**59,700,457**

JMR is the shareholder of the Corporate Vendor. Sure Magic Investments Limited, a company incorporated in the British Virgin Islands on 20 July 2016 ("**Investor Co**"), shall be subscribing for and the Corporate Vendor shall be issuing loan notes, convertible to shares in the Corporate Vendor, to the Investor Co. The Corporate Vendor will be nominating JMR and the Investor Co to receive Consideration Shares due to the Corporate Vendor. The Corporate Vendor will at the direction of Investor Co be nominating the Investor Co Nominees (as defined in Section 3.1 below), who are pre-RTO investors, to receive the Consideration Shares due to Investor Co, for reasons as further elaborated in Section 3.1 below.

The Company will make the necessary announcement(s) in due course of the list of the Investor Co Nominees and the Consideration Shares which each of them will be receiving once duly notified of the same by the Corporate Vendor.

1.6 The Proposed Acquisition constitutes a "Very Substantial Acquisition" or a "Reverse Take-over Transaction" ("**RTO**") pursuant to Chapter 10 of the Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**") and will be subject to, *inter alia*, the approval of the Shareholders at an extraordinary general meeting ("**EGM**") to be convened at a later date.

2. OVERVIEW OF THE PROPOSED ACQUISITION

For the purpose of this Announcement, the Proposed Acquisition (including the Consideration Shares Issuance) together with certain related transactions proposed in conjunction with the Proposed Acquisition further described below, including, *inter alia*, the Proposed Share Consolidation (as defined in Section 9 of Appendix D), the Proposed Compliance Placement (as defined in Section 10 of Appendix D), and the Proposed Whitewash Resolution (as defined in Section 8 of Appendix D) shall be collectively referred to as the "**Proposed RTO Transactions**". Further information on the Proposed RTO Transactions will be provided in a circular to the Shareholders of the Company to be despatched by the Company in due course ("**Circular**").

3. INFORMATION ON THE RELEVANT VENDOR PARTIES

3.1 The information relating to each Vendor and the Corporate Vendor Nominees is as follows:

Vendors

(i) YSIL, a private limited company incorporated in the Republic of Singapore, is an investment holding company. As at the date of this Announcement, YSIL is a wholly-owned subsidiary of Yoma Strategic Holdings Limited ("**YSH**"), a company listed on the Mainboard of the SGX-ST.

(ii) FMI, a company incorporated in the Republic of the Union of Myanmar ("**Myanmar**"), is principally involved in the business of financial services, real estate and healthcare. FMI is listed on the Yangon Stock Exchange.

(iii) Corporate Vendor, a company incorporated in the British Virgin Islands on 5 August 2016, is an investment holding company. As at the date of this Announcement, JMR is the sole shareholder of the Corporate Vendor holding the entire issued and paid capital of the company. Investor Co will be subscribing for and the Corporate Vendor will be issuing convertible loan notes, which are convertible to shares in the Corporate Vendor.

Corporate Vendor Nominees

(iv) JMR is a Swiss national and a professional travel agent and hotelier. His current work predominantly focuses on Myanmar's tourism industry; and

(v) Investor Co is wholly-owned by JMR, and is a special purpose company set up by JMR for the purpose of procuring debt funding (through a note issuance) ("**Corporate Vendor Buyout Funding**") from pre-RTO investors ("**Investor Co Nominees**") to enable the Corporate Vendor to acquire certain interests (including the entire Economic Interests (as defined in Section 4.5 below)) in the HAL Business and the DMC Business from certain parties (including JMR) who currently hold interests in the HAL Business and the DMC Business ("**Corporate Vendor Buyout**").

As part of the agreement or arrangements for the Corporate Vendor Buyout Funding, Investor Co will be directing the Corporate Vendor to direct that the Consideration Shares due to Investor Co be issued and allotted to the Investor Co Nominees, in settlement and satisfaction of the obligations due and owing by Investor Co to the Investor Co Nominees pursuant to the Corporate Vendor Buyout Funding.

As at the date of this Announcement, the full list of the Investor Co Nominees and the number of Consideration Shares to be received by each of them has not been finalised yet. Investor Co has represented that amongst the Investor Co Nominees, none of the Investor Co Nominees (save for ACE Pan-Asia Opportunities SPC on behalf of Myanmar Tourism S.P.

("**ACE PAO**")) is expected to be entitled to Consideration Shares, representing 5% or more of the enlarged share capital of the Company immediately after Completion of the Proposed Acquisition and the Proposed Share Consolidation, pursuant to the terms of the Corporate Vendor Buyout Funding. ACE PAO is a segregated portfolio company, managed by an investment manager being a licensed fund in the British Virgin Islands.

3.2 The Vendors and JMR are not (and, in the case of the Investor Co Nominees, will not be) related to any of the Company's existing directors or controlling Shareholders, or their respective associates. As at the date of this Announcement, save as disclosed below, none of the Vendors or JMR hold any ordinary shares in the capital of the Company ("**Shares**"). The spouse of Mr Adrian Chan, the Lead Independent Director of YSH (being the parent company of YSIL), holds 162,000 Shares.

3.3 As at the date of this Announcement, each of the Vendors (other than the Corporate Vendor) hold certain interests (including the entire Economic Interests) in the Target Businesses (defined in Section 4.3 below) in the manner as set out below:

Target Business	Vendors
BOB Business	YSIL and FMI (through their affiliate in the proportion of 70% and 30%)
PHL Business	YSIL (100%)
BL Business	YSIL and FMI (through their affiliate in the proportion of 70% and 30%)
HAL Business	Corporate Vendor (100%)[(1)]
DMC Business	Corporate Vendor (100%)[(1)]

Note:

(1) The Corporate Vendor will be acquiring certain interests (including the entire Economic Interests) in the HAL Business and the DMC Business pursuant to the Corporate Vendor Buyout.

4. INFORMATION ON THE TARGET AND TARGET BUSINESSES

4.1 As at the date of this Announcement, the Target has not been incorporated but is intended to be incorporated by YSIL and/or FMI as a company incorporated in the British Virgin Islands, and whose shares are to be held by the Vendors in the Relevant Proportion pursuant to Restructuring.

4.2 The Enlarged Group will be engaging in tourism-related businesses focused on Myanmar, including, immediately after Completion and predominantly, the management and operation of hotels, resorts and leisure attraction assets and investments in assets and businesses in the tourism-related sector ("**Business**"). The Business immediately after Completion will include the Target Businesses, namely, the PHL Business, BOB Business, BL Business , DMC Business and HAL Business.

4.3 Under the SPA, the Vendors have undertaken to the Company that the Target Group (as defined in Section 6.2 below) will, pursuant to the Restructuring, acquire the entire Economic Interests in relation to the following businesses in Myanmar:-

(i) the hot-air balloon business operating under the name "Balloons over Bagan" and operated in Bagan and Inle Lake area, Myanmar, including parcels of land used for the storage and/or warehousing of hot-air balloons ("**BOB Land**"), which is currently owned (or in the case of the BOB Land, to be owned by), operated, managed and/or held under Shwe Lay Ta Gun Travels and Tours Company Ltd ("**SLTG**") ("**BOB Business**");

(ii) the business of a proposed hotel development to be operated under the name "Pun Hlaing Lodge" currently being constructed and developed on a parcel of land located in Hlaing Tharyar Township, Yangon, Myanmar ("**PHL Land**"), which is currently owned by Pun Hlaing Lodge Company Limited ("**PHL**") and to be leased by Pun Hlaing Lodge Hotel Management Limited, an indirect wholly-owned subsidiary of YSIL ("**PHL MIC Co**") ("**PHL Business**");

(iii) the business of a proposed commercial and tourism-related hospitality development to be constructed and developed on a parcel of land located in Ywar Thit Myauk, Nyaung U Township, Bagan, Myanmar ("**BL Land**") which is currently owned and held by Chindwin Investments Limited ("**CIL**") and such that the said business ("**BL Business**") will be vested in CIL or an affiliate of the Target, subject to such relevant approvals of the authorities being obtained and lawful restructuring as may be required in the circumstances;

(iv) the hotel/lodge business operating under the name "Hpa-An Lodge" and located on a parcel of land in Hpa An Township, Karen State, Myanmar ("**HAL Land**"), and which business is currently owned, operated, managed and/or held under Traditional Lodge Company Limited ("**TLH**") ("**HAL Business**"); and

(v) the tourism and destination management business operating under the name "Asia Holidays" which business is currently owned, operated, managed and/or held under Asia Holiday Travels & Tours Co., Ltd ("**AHTT**") ("**DMC Business**").

SLTG, PHL, PHL MIC Co, CIL, TLH and AHTT are collectively referred to herein as "**Asset Holding Companies**" and each an "**Asset Holding Company**" and BOB Business, PHL Business, BL Business, HAL Business and DMC Business are collectively referred to as the "**Target Businesses**" and each a "**Target Business**". BOB Land, PHL Land, BL Land and HAL Land are collectively referred to as the "**Relevant Land**".

Amongst the Target Businesses, the BOB Business, the HAL Business and the DMC Business are currently operational, of which the BOB Business and DMC Business are profitable.

The PHL Business has not commenced operations, as the Pun Hlaing Lodge is currently still under construction, and completion of the construction of the Pun Hlaing Lodge is expected to take place only after Completion. Please refer to Section 5.3 below for further details relating to the construction costs of the Pun Hlaing Lodge.

The BL Business has also not commenced operations, as the BL Land is currently undeveloped land. It is intended that the BL Land will be developed into a commercial and tourism-related hospitality development. The Company is acquiring (and has agreed to the Purchase Consideration), *inter alia*, on the premise of an acquisition of Economic Interests in relation to the BL Business on an "as is" basis, with the intention of pursuing feasible option(s) and relevant approvals for the development and/or use of the BL Land after Completion, including constructing and developing a proposed commercial and tourism-related hospitality development on the BL Land.

4.4 As at the date of this Announcement, all the shares of the Asset Holding Companies are held by various individuals and entities including Myanmar citizens and citizen companies (collectively, "**Registered Shareholders**" and each a "**Registered Shareholder**").

4.5 The Vendors are desirous of contributing:-

(i) the legal and beneficial ownership of 100% of the issued share capital of PHL MIC Co that owns or will own the PHL Business and the PHL Long Term Lease (as defined in Section 6.4 below); and

(ii) all of the Economic Interests in relation to the BOB Business, BL Business, HAL Business and the DMC Business (collectively, "**Other Target Businesses**");

which they have (or will be acquiring) to the Target Group in exchange for shares to be issued in the capital of the Target to the Vendors, each in the Relevant Proportion, pursuant to a reorganisation to be undertaken in relation to the Target Businesses and culminating in the acquisition by the Target Group of such interests in relation to the Target Businesses as described above ("**Restructuring**").

"**Economic Interests**" refers to the economic, financial and monetary entitlements accruing or arising from all of the shares of the relevant Asset Holding Companies (including dividends and other distributions) but which will exclude ownership or control of the shares.

4.6 In conjunction with the acquisition of the Target Businesses, the Target will be incorporating five (5) new special purpose vehicle companies, notionally named as BOB SPV, PHL SPV, BL SPV, HAL SPV and DMC SPV (collectively, the "**SingCo SPVs**", each a "**SingCo SPV**"), to acquire the relevant Target Businesses in the manner as contemplated under the Restructuring (namely, BOB SPV to acquire the BOB Business, PHL SPV to acquire the PHL Business, BL SPV to acquire the BL Business, HAL SPV to acquire the HAL Business, and DMC SPV to acquire the DMC Business).

4.7 The Target further intends to consolidate the management of the Target Businesses and to that end, to acquire 100% of the issued and paid-up capital of a company to be incorporated by YSIL and/or FMI ("**Management Co**"), which will be appointed, on or prior to Completion, to provide management services to the Target Businesses (subject to compliance with all applicable laws and regulations).

5. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

5.1 Sale and Purchase

Subject to and upon the terms and conditions of the SPA, the Company shall purchase from the Vendors and the Vendors shall, in consideration of the Consideration Shares, as legal and beneficial owners, transfer to the Company, all and not only some of the Sale Shares free from all encumbrances, and with the benefit of all rights, benefits and entitlements attaching thereto with effect from the date of completion of the Proposed Acquisition ("**Completion**").

5.2 Consideration

The Consideration of S$70,675,130 was arrived at after arm's length negotiations between the Company and the Vendors, and on a willing-buyer and willing-seller basis, taking into account, *inter alia*,:-

(i) the earnings, potential growth, relevant costs and cost of funding, value of property assets of the Target Businesses;

(ii) the value of the Target Businesses without any indebtedness or liabilities (whether actual or contingent) of the Asset Holding Companies and/or the Target Businesses, save for indebtedness or liabilities of a trading nature in relation to the Target Businesses and the PHL Loan (as defined in Section 5.3 below) (if applicable);

(iii) the construction costs of the Pun Hlaing Lodge (which is currently under construction) which is being acquired on a partially completed basis;

(iv) the applicable agreed exchange rates between US Dollar and Singapore Dollar; and

(v) the completion of the Restructuring by the Target Group such that the Target Group will acquire 100% of the shareholding interest in relation to the PHL Business and 100% of the Economic Interests in relation to all the Other Target Businesses in the manner as further elaborated in Section 6.2(b) below.

The Consideration shall be fully satisfied by the Consideration Shares Issuance to the Relevant Vendor Parties. The Consideration Shares shall be credited as fully-paid and shall rank *pari passu* in all respects with the then existing Shares.

For the avoidance of doubt, the Proposed Share Consolidation (further details of which are set out in Section 9 of Appendix D of this Announcement) shall take place prior to the Consideration Shares Issuance.

Pursuant to Rule 1015(3)(a) of the Catalist Rules, the Company has appointed Ernst and Young Solutions LLP as the independent valuer to conduct and furnish a valuation report ("**Independent Valuation Report**") on the value of the Target Group.

The obtaining of the Independent Valuation Report and the Company being reasonably satisfied with the results of the same is a condition precedent for the completion of the Proposed Acquisition.

Further information relating to the independent valuer, together with the Independent Valuation Report (which will include the basis and date of the Independent Valuation Report), will be included in the Circular to be despatched to Shareholders in due course.

5.3 Construction Costs of Pun Hlaing Lodge

As mentioned above, construction of the Pun Hlaing Lodge is underway and will likely not be completed by Completion.

Under the SPA, the Company has agreed that the Company and/or PHL MIC Co shall pay up to US$12 million ("**PHL Company Funded Costs**") towards the construction of the Pun Hlaing Lodge after Completion.

Under the SPA, YSIL, being the Vendor of the PHL Business, has agreed to procure the completion of the construction of the Pun Hlaing Lodge on the PHL Land in accordance with the certain project specifications (which are summarized in the SPA) ("**PHL Construction**"), and has further agreed that, except for the PHL Company Funded Costs (which includes the PHL Loan) (as defined below), YSIL shall be fully responsible and liable for all costs and expenses related to or connected with the PHL Construction ("**PHL Construction Costs**") save for certain excluded costs and expenses including, *inter alia*, those arising from variation orders or any other changes to the project specifications in respect of the PHL Construction, or from any wilful or unreasonable action, inaction, withholding or delay of any consent required to be given by the Company, or from any changes to or proposed new laws and legislation, or any loss or damage to, or delay in the PHL Construction caused by fire, floods or other force majeure event occurring after Completion, the risk of which is typically borne by the owner

(collectively, the "**Agreed Adjustments**"). Please refer to Section 3 of Appendix D for further information relating to the PHL Construction.

In the event the PHL Vendor reasonably anticipates that the PHL Construction Costs as at Completion will exceed the anticipated PHL Construction Costs to be incurred as of Completion as communicated by YSIL to the Company on or prior to the date of the SPA ("**Anticipated PHL Vendor Completion Day Costs**"), YSIL may procure that PHL or PHL MIC Co to obtain a bank loan ("**PHL Loan**") solely for the purpose of financing the PHL Construction until Completion, and the Company agrees to assume the obligation for payment of the PHL Loan, accrued interest thereunder and related fees and expenses, provided that (i) the PHL Loan shall be for a maximum aggregate principal amount not exceeding US$3 million; (ii) the terms of the PHL Loan shall be agreed between the Company and YSIL and (iii) the Company's obligation to pay the PHL Company Funded Costs shall be reduced accordingly by the Company's obligation to pay the PHL Loan, accrued interest thereunder and related fees and expenses.

In the event that the amount of the PHL Construction Costs paid by the PHL Vendor on or by Completion exceeds the Anticipated PHL Vendor Completion Day Costs ("**PHL Vendor Excess Amount**"), the Company and/or PHL MIC Co shall upon demand by the PHL Vendor, reimburse the PHL Vendor (or such other person as it may nominate or direct) such part of the PHL Vendor Excess Amount up to the PHL Company Funded Costs, provided that such payment shall only be due upon completion of the Proposed Compliance Placement or any fund raising taken on by the Enlarged Group (whichever is the earlier) and provided further that upon the PHL Vendor's receipt of such PHL Vendor Excess Amount by the Company, the Company's obligation to pay the PHL Company Funded Costs shall be reduced accordingly by such equivalent amount.

5.4 Cash Balance

Subject as provided below, the Company has agreed to retain the Cash Balance of S$5 million as part of its cash reserves as at Completion. For the avoidance of doubt, the Cash Balance excludes the S$1,300,000 held with United Overseas Bank Limited ("**SBLC Bank**") as collateral ("**S$1.3 Million Deposit**") to secure a standby letter of credit ("**SBLC**") that was issued by the SBLC Bank in favour of ERGO International AG ("**ERGO**") in connection with the sale and purchase agreement dated 20 June 2014 and entered into between the Company and ERGO in connection with the disposal of the Company's then wholly-owned subsidiary.

Under the SPA, the Vendors have agreed that the Company can use the Cash Balance to pay for certain costs and expenses related to the Proposed Acquisition ("**Other Transaction Expenses**"). Please refer to Section 6 of Appendix D for further details of the Other Transaction Expenses.

The Vendors have agreed and acknowledged that save for the Company's obligation to maintain the Cash Balance as aforementioned, the Company may return substantially all of its cash (including the S$1.3 Million Deposit and other than such cash as may be required for its operating expenses) to its existing Shareholders, whether by way of declaration of dividend or return of capital or otherwise, at any time after the signing of the SPA and/or Completion, and the Vendors will not participate in the same.

As announced by the Company on 1 August 2016, the Company has on 22 July 2016 entered into a substitution agreement with ERGO and SHC Capital Holdings Pte. Ltd. ("**Major Shareholder**") pursuant to which the parties have agreed to the substitution of the S$1.3 Million Deposit with an equivalent amount to be furnished by the Major Shareholder. As at the date of this Announcement, the substitution of S$1.3 Million Deposit has not taken place and the Company will make the necessary announcement when such substitution has taken place.

Following the release of the S$1.3 Million Deposit, the Company intends to distribute substantially all of its existing cash balances to Shareholders on a pro-rata basis, save for such amounts which may be required for the Company to meet its obligations under the SPA, and for the Company's operating expenses pending the completion of the Proposed Acquisition ("**Proposed Cash Distribution**"). The Proposed Cash Distribution will be subject to shareholders' approval and the Company will make the necessary announcement in relation to the Proposed Cash Distribution in due course.

5.5 Restructuring

Under the SPA, it is a condition precedent that the Restructuring be completed on or prior to Completion, such that the Target Group will have such interests in the Target Businesses as at Completion as described under Section 6.2(b) below.

5.6 MIC Restructuring

The Vendors will be taking steps to procure, on or prior to Completion, the submission of applications to (and acceptance of such applications for processing by) the Myanmar Investment Commission ("**MIC**"), *inter alia*, to approve and issue a permit ("**MIC Permit**") for the Target Group's investment in the BOB Business and the HAL Business (each, a "**Relevant MIC Permit**") and the grant of the Long Term Leases (as defined in Section 6.4 below) for the BOB Land and the HAL Land respectively. While an MIC Permit is not required in relation to the Target Group's investment in the DMC Business, a clarification will be sought from the MIC, on or prior to Completion, regarding the extent of permissible foreign investment in the DMC Business ("**DMC MIC Clarification**"). As for the BL Business, an application for an MIC Permit will be submitted in due course after Completion, after considering feasible option(s) and relevant approvals to be sought for the development and/or use of the BL Land.

In the event of the Relevant MIC Permits being issued for the BOB Business and/or the HAL Business and the DMC MIC Clarification being issued for the DMC Business, and (if applicable) an MIC Permit being sought and issued for the BL Business, the Target Group will take the necessary steps to undertake a further reorganisation of such Other Target Businesses in the manner as further elaborated in Appendix B of this Announcement ("**MIC Restructuring**").

For the avoidance of doubt, completion of the MIC Restructuring is not a condition precedent of the SPA.

With the MIC Restructuring, the Target Group will able to enjoy the benefits of ownership of the Other Target Businesses (including obtaining the Long Term Leases over the BOB Land and HAL Land respectively), and additional benefits such as any tax incentives available under the terms of the Relevant MIC Permits, hence the Target Group intends to implement the MIC Restructuring as soon as reasonably practicable after obtaining the Relevant MIC Permits for the BOB Business and HAL Business and the DMC MIC Clarification for the DMC Business respectively.

However, as mentioned above, the Company will not wait for completion of the MIC Restructuring for the Other Target Businesses before proceeding to Completion, as the expected date(s) for such completion to occur would likely exceed the deadline to be granted by the SGX-ST under the Further Extension (as defined in Section 7.3 below), for reasons as further elaborated in Section 6.4 below, and the Company will then not be able to meet the requirements for a new listing by the deadline given under the Further Extension.

In the event there is a delay in the obtaining of the Relevant MIC Permit or the Relevant MIC Permit is not obtained in relation to any of the Other Target Businesses, the Target Group will not have the benefits of ownership of the Other Target Businesses, but will still continue to have 100% of the Economic Interests in relation to the Other Target Businesses, as further elaborated in Section 6.2(b) below.

6. RESTRUCTURING OF TARGET GROUP

6.1 Under the SPA, the Vendors have undertaken to the Company to procure the Restructuring, subject to such further amendments or modifications as may be required, *inter alia*, in order to avoid the imposition of tax obligations or liabilities on the part of the Target Group and/or the Asset Holding Companies, and/or to address issues or irregularities uncovered by the Company during the Company's due diligence investigations on the Target Group, Asset Holding Companies, the Relevant Land and/or the Target Businesses. In addition, amendments or modifications to the Restructuring may be required in view of the recent enactment of the new Myanmar Investment Law as mentioned in Section 6.4 below, *inter alia*, to allow the Target Group to have direct investment in and legal and beneficial ownership of the relevant Asset Holding Companies or Target Businesses without obtaining an MIC Permit or otherwise seeking the approval of the MIC.

6.2 Subject as provided in Section 6.1 above, upon completion of the Restructuring, it is expected that:

(a) The Target and its subsidiaries (through ownership of shares) (collectively "**Target Group**", and each a "**Target Group Company**") will comprise the Target, the SingCo SPVs, the Management Co and PHL MIC Co.

For the avoidance of doubt, SLTG, CIL, TLH and AHTT, which will continue to own, operate, manage and/or hold the respective Other Target Businesses, will not have their shares acquired by the relevant SingCo SPVs, and as such will not form part of the companies to be acquired by the Target Group.

(b) The Target Group (through PHL SPV and the Target) will acquire the legal and beneficial ownership of 100% of the issued share capital of PHL MIC Co which will acquire and own the PHL Business and the PHL Long Term Lease, and (through the other SingCo SPVs other than PHL SPV) acquire 100% of the Economic Interests in relation to the Other Target Businesses by reason of its acquisition of the entire Economic Interests of the shares of the relevant Asset Holding Companies relating to the Other Target Businesses, namely, SLTG, CIL, TLH and AHTT.

6.3 A summary of the historical financial information of the Target Businesses and the unaudited proforma financial information of the Company, the Target, and upon completion of the Restructuring, its subsidiaries (collectively referred to as the "**Enlarged Group**") is set out in Appendix C of this Announcement.

6.4 Rationale for Restructuring

All of the Target Businesses (other than the DMC Business) own or hold an interest in land specifically, the BOB Land, the PHL Land, the BL Land and the HAL Land.

In Myanmar, direct foreign participation in a business that holds interest in land in Myanmar is possible by way of obtaining a long term lease of the land that will be used for said business ("**Long Term Lease**"), if allowed by the relevant land title/interest holder, and approval and a MIC Permit is obtained from the MIC approving the investment proposal for such business, and the Long Term Lease. The tenure of the Long Term Lease under the MIC Permit may be up to an initial period of 50 years, which may be extended for two consecutive periods of up to 10 years each at the discretion of the MIC. Accordingly, there may be residual interest ("**Residual Interest**") remaining in the grantor of a Long Term Lease and/or title holder in respect of the relevant land/property after the expiry of the Long Term Lease approved by the MIC, whether by effluxion of time or otherwise.

In the case of the PHL Business, since the investment permit ("**PHL MIC Permit**") for PHL MIC Co to undertake the PHL Business subject to the conditions under the PHL MIC Permit has on 31 August

2016 been issued by the MIC, PHL will be able to enter into a Long Term Lease for 50 years in respect of the PHL Land, which may be extended for two consecutive periods of up to 10 years each, with PHL MIC Co ("**PHL Long Term Lease**"), and it is possible for the Target Group, upon completion of the Restructuring, to acquire ownership of the PHL Business (including obtaining the PHL Long Term Lease over the PHL Land) through the Target Group's acquisition of PHL MIC Co, with the approval of the MIC and the issuance of a new PHL MIC Permit in favour of or for the benefit of the Enlarged Group as the new investor of the PHL Business ("**New PHL MIC Permit**").

Unlike the PHL Business, it is unlikely that the Relevant MIC Permits in relation to the BOB Business and the HAL Business and the DMC MIC Clarification in relation to the DMC Business will be obtained on or prior to completion of the Restructuring, before the Vendors proceed to sell the Sale Shares to the Company under the SPA, as the Company understands that the process of applying for, and obtaining approval for an MIC permit to be issued will typically take between 6 months to 8 months to complete.

In addition, a new Myanmar Investment Law has recently been enacted in Myanmar which may potentially affect, *inter alia*, the necessity, nature of, and manner in which applications should be made to the MIC, as well as the type of approvals granted by the MIC, in relation to the investment to be made by the Target Group in the Other Target Businesses, which may in turn affect the timing upon which the Vendors are able to procure submissions of such applications and acceptance thereof for processing by the MIC, and the review and assessment of such applications thereafter.

In view of the foregoing, it is intended that the Target, through the relevant SingCo SPVs, will acquire the entire Economic Interests in the shares of the relevant Asset Holding Companies relating to the Other Target Businesses upon completion of the Restructuring, which will allow the Target Group to acquire 100% of the Economic Interests in relation to the Other Target Businesses.

7. RATIONALE FOR THE PROPOSED ACQUISITION

7.1 Following the completion of the disposal of its general insurance business, the Company became a cash company under Rule 1017 of the Catalist Rules with effect from 1 August 2014. Under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the Catalist if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company.

7.2 The Company had applied for and was granted by the SGX-ST further extensions of time to meet the requirements for a new listing on two separate occasions:-

(i) The Company was first granted an extension of time to meet the requirements for a new listing by 31 January 2016, in conjunction with its then proposed acquisition of Tongda Medical Device Limited, which was however aborted as announced by the Company on 2 November 2015; and

(ii) The Company was subsequently granted a further extension of time to meet the requirements for a new listing by 31 December 2016, in conjunction with the current Proposed Acquisition.

7.3 With the execution of the SPA, the Company intends to apply for a further extension of time to complete the Proposed Acquisition and to meet the requirements for a new listing ("**Further Extension**"). Shareholders should note that there is no assurance or certainty that the SGX-ST will grant the Further Extension, or, if granted, that the Further Extension will be granted on terms reasonably acceptable to the Parties. If the Further Extension is not applied for, or granted by the SGX-ST, the Company will have to be delisted pursuant to Rule 1017 of the Catalist Rules and the Company intends to undergo a voluntary liquidation and be wound up and dissolved thereafter.

7.4 The Company had entered into a memorandum of understanding to enter into the Proposed Acquisition on 20 January 2016, and since then, has been in active discussions and negotiations with the Vendors on finalising the terms of the SPA, including the terms of the proposed Restructuring, as well as conducting financial and legal due diligence on the Target Businesses.

Subject to further due diligence to be performed by the Company's professional advisers, the Board believes that the Target Businesses are able to satisfy the SGX-ST's requirements for a new listing.

Through the proposed Restructuring, the Target Group will be able to acquire the Target Businesses through the acquisition of 100% of the issued share capital of PHL MIC Co and 100% Economic Interests in relation to the Other Target Businesses as described in Section 6.2(b) above.

Upon Completion of the Proposed Acquisition, the Target will become a wholly-owned subsidiary of the Company.

The Board is of the view the Proposed Acquisition, if completed by the Company, will provide the Company with an opportunity to venture into a business with the potential for growth in the emerging market of Myanmar and accordingly, it is in the interests of the Company and its shareholders to apply for the Further Extension and complete the Proposed Acquisition.

8. REVERSE TAKEOVER

8.1 Relative Figures under Rule 1006 of the Catalist Rules

For the purposes of Chapter 10 of the Catalist Rules, the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006(a): Net asset value of assets to be disposed of, compared with the Company's net asset value	Not applicable
Rule 1006(b): Net profit attributable to the Target as compared with the Company's net loss[1]	Not meaningful[2]
Rule 1006(c): Aggregate value of the Consideration, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares[3]	199%
Rule 1006(d): The number of Consideration Shares to be issued by the Company as Consideration for the Proposed Acquisition, as compared with the number of equity securities of the Company previously in issue[4]	615%
Rule 1006(e): The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Company's proved and probable reserves	Not applicable

Notes:

(1) "Net profit or loss" means profit or loss before income tax, minority interests and extraordinary items.

(2) Not meaningful. The Company's audited net loss for the financial year ended 31 December 2015 and unaudited net loss for the six months period ended 30 June 2016 is S$2,678,000 and S$895,000 respectively. The net profit attributable to the Target is S$2,718,358 for the financial year ended 31 March 2016 based on the unaudited management accounts of the Target Businesses.

(3) Based on (i) the Consideration of S$70,675,130; and (ii) the market capitalisation of the Company of approximately S$35,493,980, determined by multiplying 305,982,583 existing Shares in issue as at the date of this Announcement by the volume weighted average price of S$0.116 of such Shares transacted on 10 October 2016, being the last traded day immediately preceding the date of the SPA.

(4) Based on the Consideration Shares Issuance of 268,726,731 Consideration Shares (on a post-Proposed Share Consolidation basis) and 43,711,798 existing Shares (on a post-Proposed Share Consolidation basis). For the avoidance of doubt, the Proposed Share Consolidation shall take place before the Consideration Share Issuance.

8.2 Shareholding Effects

For illustrative purposes only, the shareholding structure of the Company (excluding the shareholding effects arising from the Proposed Compliance Placement) will be as follows:

Shareholder	Before the Proposed Share Consolidation and the Proposed Acquisition		After the Proposed Share Consolidation but before the Proposed Acquisition		After the Proposed Share Consolidation and the Proposed Acquisition	
	Shares	(%)	Shares	(%)	Shares	(%)
SHC Capital Holdings Pte Ltd	249,639,317	81.59	35,662,760	81.59	35,662,760	11.41
Relevant Vendor Parties	–	–	–	–	268,726,731	86.01
Other Shareholders	56,343,266	18.41	8,049,038	18.41	8,049,038	2.58
Total	**305,982,583**	**100.00**	**43,711,798**	**100.00**	**312,438,529**	**100.00**

As the relative figures under Rules 1006(c) and 1006(d) of the Catalist Rules exceed 100%, and given that the Vendors will hold approximately 86.01% of the share capital of the Company immediately upon the completion of the Proposed Acquisition but before the Proposed Compliance Placement, with a change in control of the Target, the Proposed Acquisition would constitute a "Very Substantial Acquisition" or "Reverse Takeover" transaction pursuant to Chapter 10 of the Catalist Rules. Accordingly, the Proposed RTO Transactions are subject to, *inter alia*, the approval of the Shareholders and the SGX-ST.

9. FINANCIAL EFFECTS

Please refer to Appendix E of this Announcement for certain financial effects of the Proposed Acquisition.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors (other than in his capacity as Director or Shareholder) nor (as far as the Directors are aware) controlling Shareholders of the Company, as well as the respective associates of the aforementioned persons, has any interest, direct or indirect, in the Proposed RTO Transactions, save for their respective interests in the Shares of the Company.

The Company has appointed Kelvin Chia Yangon Ltd, Myanmar ("**KCY**") as its Myanmar legal counsel in connection with the Proposed Acquisition. As at the date of this Announcement, Mr Nicholas Teo, an Independent Director of the Company, is a consultant with Kelvin Chia Partnership, Singapore ("**KCP**"), which is affiliated with KCY. Mr Nicholas Teo has confirmed that he has no legal or beneficial equity interest in either KCP or KCY, and he has not been involved in any decision taken in relation to the appointment of KCY nor the work undertaken by KCY in relation with the Proposed Acquisition.

11. FINANCIAL ADVISER AND SPONSOR

The Company has appointed PrimePartners Corporate Finance Pte. Ltd. as its financial adviser and full sponsor in respect of the Proposed Acquisition.

12. INDEPENDENT FINANCIAL ADVISER

The Company will be appointing an independent financial adviser to the Directors of the Company who are regarded as independent for the purposes of the Proposed Whitewash Resolution. The Company will announce the appointment of the independent financial adviser, and the advice of the independent financial adviser will be set out in the Circular to be despatched to Shareholders in due course.

13. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed RTO Transactions and the Company; and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading (save that in respect of matters relating to the Vendors, the Corporate Vendor Nominees, the Target, the Target Group, the Restructuring, the Asset Holding Companies, the Registered Shareholders and the Target Businesses, such confirmation is given based on information available to the Company as at the date of this Announcement and is subject to further due diligence investigations and verification). Where information in this Announcement 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 Announcement in its proper form and context.

14. CIRCULAR AND DOCUMENTS AVAILABLE FOR INSPECTION

14.1 The Circular containing further information on, *inter alia*, the Proposed RTO Transactions and enclosing the notice of the EGM to seek approval of Shareholders of the Company for the Proposed RTO Transactions (in particular, the Proposed Share Consolidation, the Proposed Compliance Placement, the issue of new consolidated shares and the Proposed Whitewash Resolution) will be despatched by the Company to the Shareholders in due course.

14.2 A copy of the SPA will be made available for inspection by the Shareholders during normal business hours at the registered office of the Company for a period of three (3) months from the date of this Announcement.

15. CAUTIONARY STATEMENT

The Board would like to advise Shareholders that, although the SPA has been entered into, completion of the Proposed Acquisition is subject to conditions precedents being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. Accordingly, Shareholders are advised to exercise caution in dealings with the Shares. Shareholders are advised to read this Announcement and any further update announcement(s) released by the Company in connection with the Proposed Acquisition carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer

24 October 2016

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

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, 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, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

APPENDIX A

RELEVANT PROPORTION OF SHAREHOLDINGS IN THE TARGET HELD BY THE VENDORS

S/No.	Name of Vendor	Ownership in the Target (%)
1.	YSIL	62.17
2.	FMI	15.61
3.	Corporate Vendor	22.22
Total		**100.00**

APPENDIX B

RESTRUCTURING/MIC RESTRUCTURING

Restructuring

Subject as provided under Section 6.1 of the Announcement, the following steps are expected to be taken under the Restructuring:

(i) in relation to the PHL Business:

(a) the Target Group (through PHL SPV and the Target) will acquire the legal and beneficial ownership of 100% of the issued share capital of PHL MIC Co, a Myanmar-incorporated company which will acquire the PHL Business and the PHL Long Term Lease (as defined in Section 6.4 of the Announcement) over the PHL Land from PHL based on the issue of the New PHL MIC Permit (as defined in Section 6.4 of the Announcement). Following the aforesaid, PHL will cease to own, operate, manage and/or hold the PHL Business (save for the Residual Interest (as defined in Section 6.4 of the Announcement) of the PHL Land).

(b) The PHL Registered Shareholders will grant an option in favour of PHL SPV to require a transfer of all the shares of PHL to PHL SPV for the minimum amount of consideration permitted under the applicable laws and regulations at the relevant time for such transfer ("**Relevant Value**"), as and when the prevailing laws permits such transfer, the exercise of such option being subject to PHL having disposed or transferred out all other land and business owned by it (apart from the Residual Interest of the PHL Land), and (if applicable) the payment of stamp duties any other taxes imposed on PHL (including but not limited to any capital gain taxes) in connection with the disposal or transfer and other costs arising solely and directly from such transfer by PHL SPV ("**Option to acquire PHL shares**").

(c) PHL will grant an option in favour of PHL MIC Co, to require a transfer of the Residual Interest of the PHL Land to PHL MIC Co for the Relevant Value, as and when the prevailing laws permits such transfer, and will further undertake not to sell, dispose or encumber such interest in land pending such transfer to PHL MIC Co and to extend or renew the lease, or grant subsequent new leases in relation to the PHL Land in favour of PHL MIC Co (on each occasion, only if and when permitted under prevailing laws) for the Relevant Value ("**Option to acquire PHL Land**").

(ii) In relation to the BOB Business, BL Business, HAL Business and DMC Business:

(a) The relevant SingCo SPVs will acquire 100% of the Economic Interests in relation to the Other Target Businesses, by way of the relevant Registered Shareholders of the Other Target Businesses entering into economic assignments (collectively, "**APA EAs**" and each an "**APA EA**"), to assign, convey and transfer to the relevant SingCo SPVs (namely the BOB SPV, BL SPV, HAL SPV and DMC SPV respectively), absolutely and free from all encumbrances, the entire Economic Interests in the shares of the relevant Asset Holding Companies (namely, SLTG, CIL, TLH and AHTT respectively), together with a power of attorney executed in favour of the relevant SingCo SPVs.

(b) The APA EAs are to be entered into at the same time as, and together with certain asset purchase agreements or share purchase agreements (as the case may be) (collectively the "**APAs**") to be entered into by the relevant Asset Holding Companies or Registered Shareholders (as the case may be) of the Other Target Businesses, for the purpose of enabling the Target Group to undertake a further reorganisation of the Other Target Businesses after Completion ("**MIC Restructuring**"), upon the Relevant MIC Permits (as defined in Section 5.6

of the Announcement) for the BOB Business and the HAL Business and the DMC MIC Clarification (as defined in Section 5.6 of the Announcement) for the DMC Business having been issued and in the case of the BL Business, upon an application for an MIC Permit being submitted to (and accepted for processing by the MIC) in due course after Completion and such MIC Permit being issued, further details of which are set out below; and

(iii) Management Co will be the wholly-owned subsidiary of the Target.

MIC Restructuring

Pursuant to the MIC Restructuring, the relevant SingCo SPVs will:-

(i) incorporate new Myanmar citizen companies ("**MIC Cos**"), in each case, to be owned by the relevant SingCo SPVs and the Target (one nominal share), to acquire the BL Business and the HAL Business respectively;

(ii) acquire ownership of such percentage of shares of SLTG as may be approved under the Relevant MIC Permit ("**SLTG Transferable Shares**") and, through SLTG, the Long Term Lease of the BOB Land. BOB SPV will continue to retain the Economic Interests in respect of all remaining shares in SLTG which are not SLTG Transferable Shares;

(iii) acquire ownership of such percentage of shares of AHTT as may be approved or clarified pursuant to the DMC MIC Clarification ("**AHTT Transferable Shares**"). DMC SPV will continue to retain the Economic Interests in respect of all remaining shares in AHTT which are not AHTT Transferable Shares;

(iv) through the relevant MIC Cos, acquire ownership of the BL Business and HAL Business (including the Long Term Leases of the BL Land and the HAL Land) ; and

(v) in relation to the Other Target Businesses in respect of which there is a Residual Interest in the Relevant Land:-

(a) acquire an option to require a transfer of the shares of the relevant entity that holds the Residual Interest in such Relevant Land for Relevant Value, as and when prevailing laws permit the same; and

(b) acquire an option to require a transfer of the Residual Interest in such Relevant Land from such relevant entity that holds the Residual Interest in such Relevant Land for Relevant Value as and when prevailing laws permit the same.

APPENDIX C

HISTORICAL FINANCIAL INFORMATION OF THE TARGET BUSINESSES

The historical unaudited management accounts of each of the Target Businesses for the financial years ended 31 March 2014, 31 March 2015 and 31 March 2016 (where applicable) are set out below.

(A) BOB Business

Income Statement

(US$'000)	Unaudited Financial year ended 31 March 2014	Unaudited Financial year ended 31 March 2015	Unaudited Financial year ended 31 March 2016
Revenue	4,209	6,054	6,084
Gross profit	2,415	3,166	3,075
EBITDA(1)	1,442	2,177	1,947
Profit before tax	1,310	1,913	1,609
Income tax expenses	(380)	(470)	(397)
Profit after tax	930	1,443	1,212

Note:

(1) EBITDA refers to earnings before interest, taxation, depreciation and amortisation.

Balance Sheet

(US$'000)	Unaudited Financial year as at 31 March 2014	Unaudited Financial year as at 31 March 2015	Unaudited Financial year as at 31 March 2016
Current assets	2,351	4,127	5,164
Non-current assets	1,360	2,069	2,322
Total assets	3,711	6,196	7,486
Current liabilities	1,294	2,380	2,456
Non-current liabilities	736	690	693
Total liabilities	2,030	3,070	3,149
Shareholders' equity	1,681	3,126	4,337

(B) BL Business

The BL Business has not commenced operations, as the BL Land is currently undeveloped land. The Company is acquiring the BL Business (and has agreed to the Purchase Consideration), *inter alia*, on the premise of an acquisition of interests in connection with the BL Business on an "as is" basis, with the intention of pursuing feasible option(s) for the development and/or use of the BL Land after Completion, including constructing and developing a proposed commercial and tourism-related hospitality development on the BL Land. As such, no financial information is disclosed in relation to the BL Business.

(C) PHL Business

Income Statement

(US$'000)	Unaudited Financial year ended 31 March 2014	Unaudited Financial year ended 31 March 2015	Unaudited Financial year ended 31 March 2016
Revenue	NA	–	–
Gross profit	NA	–	–
EBITDA	NA	(7)	12
(Loss)/Profit before tax	NA	(7)	12
Income tax expenses	NA	–	–
Profit after tax	NA	(7)	12

Balance Sheet

(US$'000)	Unaudited Financial year as at 31 March 2014	Unaudited Financial year as at 31 March 2015	Unaudited Financial year as at 31 March 2016
Current assets	NA	7,236	14,598
Non-current assets	NA	2,358	2,127
Total assets	NA	9,594	16,725
Current liabilities	NA	4,389	12,018
Non-current liabilities	NA	–	–
Total liabilities	NA	4,389	12,018
Shareholders' equity	NA	5,205	4,707

Notes:

(1) PHL was incorporated in the financial year ended 31 March 2015. As such, no financial information is available for the financial year ended 31 March 2014.

(2) The unaudited management account of PHL Business is prepared in Myanmar Kyat. For the purpose of this Announcement, the numbers had been translated to US Dollar based on the following exchange rate:

US$: Myanmar Kyats	As at 31 March 2014	As at 31 March 2015	As at 31 March 2016
Income statement items	962	1,001	1,232
Balance sheet items	961	1,083	1,201

(3) The unaudited management accounts of the PHL Business include a plot of land, with a book value amounting to US$2,495,000, which is not part of the Proposed Acquisition.

(D) **DMC Business**

Income Statement

(US$'000)	Unaudited Financial year ended 31 March 2014	Unaudited Financial year ended 31 March 2015	Unaudited Financial year ended 31 March 2016
Revenue	5,585	4,672	4,572
Gross profit	1,465	1,043	1,160
EBITDA	748	312	454
Profit before tax	745	302	444
Income tax expenses	(186)	(76)	(111)
Profit after tax	559	226	333

Balance Sheet

(US$'000)	Unaudited Financial year as at 31 March 2014	Unaudited Financial year as at 31 March 2015	Unaudited Financial year as at 31 March 2016
Current assets	1,056	1,300	995
Non-current assets	9	20	13
Total assets	1,065	1,320	1,008
Current liabilities	1,066	1,391	1,315
Non-current liabilities	–	–	–
Total liabilities	1,066	1391	1,315
Shareholders' equity	(1)	(71)	(307)

(E) HAL Business

Income Statement

(US$'000)	Unaudited Financial year ended 31 March 2014	Unaudited Financial year ended 31 March 2015	Unaudited Financial year ended 31 March 2016
Revenue	NA	137	559
Gross profit	NA	114	476
EBITDA	NA	(92)	162
(Loss) before tax	NA	(184)	(81)
Income tax expenses	NA	–	–
(Loss) after tax	NA	(184)	(81)

Balance Sheet

(US$'000)	Unaudited Financial year as at 31 March 2014	Unaudited Financial year as at 31 March 2015	Unaudited Financial year as at 31 March 2016
Current assets	NA	242	276
Non-current assets	NA	1,247	1,391
Total assets	NA	1,489	1,667
Current liabilities	NA	63	82
Non-current liabilities	NA	–	–
Total liabilities	NA	63	82
Shareholders' equity	NA	1,426	1,585

Note:

The HAL Business commenced operations in the financial year ended 31 March 2015. As such, no financial information is available for the financial year ended 31 March 2014.

PROFORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A summary of the unaudited proforma financial information of the Enlarged Group for the financial year ended 31 March 2016 has been prepared for illustrative purposes only and is based on the unaudited financial results of the Company for the 12 months financial period ended 31 March 2016 and the unaudited management accounts of the Target Businesses for the financial year ended 31 March 2016 and assuming the completion of the Restructuring.

For the purposes of this announcement, certain re-alignment of the treatment between different accounting standards have been performed for the unaudited management accounts of the Target Businesses for the financial year ended 31 March 2016 in accordance with the Singapore Financial Reporting Standards ("**SFRS**").

As such, subject to the final audit to be conducted by the Reporting Accountants, there might be changes made for the unaudited proforma financial information of the Enlarged Group subsequent to this announcement.

The unaudited proforma financial information of the Enlarged Group below is presented in Singapore Dollars while the unaudited management accounts of the Target Businesses (as the case may be) for the financial year ended 31 March 2016 was prepared in US Dollar. The exchange rate used for conversion in the unaudited proforma financial information of the Enlarged Group below was US$1 : S$1.35 for balance sheet items as at 31 March 2016 and US$1 : S$1.37 for income statement based on weighted average for the financial year ended 31 March 2016 (source: https://secure.mas.gov.sg/msb/ExchangeRates.aspx). The determination of the functional currency of the Enlarged Group will be performed at a later date in conjunction with the Proposed RTO Transactions.

For illustrative purposes only, the unaudited proforma financial information of the Enlarged Group is computed based on, *inter alia*, the following assumptions:

(i) the proforma income statement is computed assuming that the Proposed Acquisition and the Proposed Share Consolidation were completed on 1 April 2015;

(ii) the proforma balance sheet is computed assuming that the Proposed Acquisition and the Proposed Share Consolidation were completed on 31 March 2016;

(iii) the financial effects do not take into account any transactions effected or completed by the Enlarged Group subsequent to 31 March 2016;

(iv) the completion of the Restructuring, pursuant to which the Target Group (a) (through PHL SPV and the Target) will acquire and own the legal and beneficial ownership of 100% of the issued share capital of PHL MIC Co which will acquire and own the PHL Business and the PHL Long Term Lease and (b) (through the other SingCo SPVs) will acquire 100% of the Economic Interests in relation to the Other Target Businesses;

(v) pursuant to the Restructuring, the consolidation of the financial results and financial position of the relevant Asset Holding Companies relating to the Other Target Businesses with the financial results and financial position of the Target Group, including the assets of the Other Target Businesses but excluding all indebtedness and liabilities of the relevant Asset Holding Companies (save for indebtedness or liabilities of a trading nature in relation to the Other Target Businesses and the PHL Loan (if applicable));

(vi) the difference between the deemed consideration for the Proposed Acquisition and the fair value of the net assets of the Enlarged Group, if any, have not been considered and will be determined on the date of Completion when the Relevant Vendor Parties have effectively obtained control of the Company. The actual difference could be materially different from the aforementioned assumption;

(vii) the Company will effect the Proposed Cash Distribution, retaining only a Cash Balance of S$5 million as at Completion, although the actual amount of such Cash Balance may be less, as the Company is entitled under the terms of the SPA, to utilise the Cash Balance to pay for, *inter alia*, the Other Transaction Expenses. The financial effects of the Proposed Cash Distribution have not been taken into account in preparing the proforma financial information of the Enlarged Group;

(viii) save as aforesaid, costs and expenses in connection with the Proposed RTO Transactions are disregarded for the purposes of preparing the proforma financial information of the Enlarged Group;

(ix) for illustrative purposes, the Proposed Share Consolidation is assumed to be a ratio of seven (7) existing Shares to one (1) new Consolidated Share;

(x) the analysis does not take into account the financial effects of the Proposed Compliance Placement and has not been adjusted for the impact of any other transactions or events other than the Proposed Acquisition and the Proposed Share Consolidation; and

(xi) the financial effects do not take into account the financial effects of the non-controlling interests in the Enlarged Group.

Proforma Income Statement

(S$'000)	Unaudited 12 months financial period ended 31 March 2016
Revenue	15,365
Gross profit	6,453
(Loss) before tax	(7)
Income tax expenses	(699)
(Loss) for the year	(706)

Proforma Balance Sheet

(S$'000)	Unaudited Balance sheet as at 31 March 2016
Current assets	67,937
Non-current assets	46,144
Total assets	114,081
Current liabilities	4,941
Non-current liabilities	–
Total liabilities	4,941
Shareholders' equity	109,140

APPENDIX D

OTHER SALIENT TERMS OF THE PROPOSED ACQUISITION INCLUDING CONDITION PRECEDENTS IN RELATION TO THE PROPOSED ACQUISITION

Unless otherwise defined, terms referred to in this Appendix D shall have the meaning ascribed to them in the SPA.

Part A – Other salient terms of the Proposed Acquisition

1. Conditions Precedent in relation to the Proposed Acquisition

Apart from the Restructuring, Completion is also conditional upon, *inter alia*, the conditions precedent set out in the SPA (which are summarised in Part B of this Appendix D) having been satisfied or waived in accordance with the terms of the SPA. The long stop date for the satisfaction of the conditions precedent set out in the SPA is 30 June 2017 (unless extended by agreement of the Parties) ("**Long Stop Date**").

2. Completion

Subject to the conditions precedent of the Proposed Acquisition being satisfied or waived (as the case may be), the Proposed Acquisition will be completed on the date falling 7 Business Day (as defined in the SPA) after the satisfaction or waiver of certain conditions precedent in the SPA or such other date as the Parties may mutually agree ("**Completion Date**").

3. Construction Costs of Pun Hlaing Lodge

Within 2 months after completion of the PHL Construction and handover of the Pun Hlaing Lodge to the Target Group, the PHL Vendor shall deliver (including procuring SPA Project Management Services Ltd. (an affiliate of YSIL) to assist in preparing) a set of completion accounts to the Company ("**Completion Accounts**"), setting out the total PHL Construction Costs and a detailed breakdown of such costs including the Company Funded Costs, the Agreed Adjustments (as defined in Section 5.3 of the Announcement) (if any) and the PHL Vendor Costs. Within 7 days of the delivery of the Completion Accounts:

(a) in the event that the Company's and/or PHL MIC Co's payments of, and any and all outstanding obligation or liability to make payment for the PHL Construction Costs on or after Completion is less than the aggregate of the PHL Company Funded Costs and Agreed Adjustments (if any) (the difference being referred to as the "**Difference Amount**"), the Company shall reimburse the PHL Vendor for such part of the PHL Vendor Excess Amount (if any) not paid or reimbursed to the PHL Vendor (as such other person as it may nominate or direct at Completion) up to the Difference Amount; and

(b) the PHL Vendor shall, on demand by the Company, reimburse the Company for any PHL Vendor Costs paid by the Company.

4. Other Undertakings

(i) Business Undertakings

At the date of this Announcement, in addition to the HAL Business and DMC Business, JMR also has interest in the following businesses:

(a) the Ancient Cities Flotilla business (including two four cabin en-suite traditional Myanmar riverboats) located in Mandalay, Myanmar ("**ACF Business**"); and

(b) Viewpoint Lodge, a hotel/resort located on the VL Land in Inle Lake, Southern Shan State village of Nyaung Shwe, Myanmar ("**VL Business**").

Under the SPA, the Corporate Vendor has agreed to:

(1) procure JMR to use his best efforts to procure the owners of the ACF Business, to undertake that in the event the Company wishes to acquire the ownership in respect of the ACF Business at any time after Completion, they shall enter into discussions and negotiations with the Company in good faith to agree on the terms and conditions upon which the Company can acquire the ACF Business, subject to lawful structuring and compliance with all applicable Myanmar Laws and on such basis or parameters to be mutually agreed (including but not limited to the independent valuation exercise to be conducted on the ACF Business) and shall be further subject to, *inter alia*, financial and all necessary corporate and other approvals to be obtained for the transaction ("**ACF Business Undertaking**"); and

(2) procure JMR to use his best efforts to procure the owners of the VL Business, to undertake that in the event the Company wishes to acquire the ownership and/or management and/or operation rights in respect of the VL Business at any time after Completion, they shall enter into discussions and negotiations with the Company in good faith to agree on the terms and conditions upon which the Company can acquire such ownership and/or management and/or operation rights, subject to lawful structuring and compliance with all applicable Myanmar Laws ("**VL Business Undertaking**").

(ii) Mutual covenants in relation to Restricted Business

Each Vendor has undertaken in favour of each other Vendor, JMR, and the Enlarged Group, *inter alia*, that neither it nor any of its affiliates (as defined under the SPA) ("**Affiliates**") shall, for such period that it holds not less than 5% of the then prevailing total issued ordinary shares (excluding treasury shares) of the Company and for an additional period of twelve (12) months thereafter ("**Restriction Period**"), for its or his own account or otherwise, carry on or be engaged, concerned or interested in, or otherwise consider any proposed interest or participation in, any business which is substantially the same or in competition with any Restricted Business for the time being carried on by the Enlarged Group, or solicit or entice away or attempt to solicit or entice away from the Restricted Business the employees and officers of the Restricted Business or the custom of any customer or any person who is a travel or tourism-related agency, website or portal to or which otherwise serves as a distribution channel or network or introducer to the Enlarged Group, in connection with any Restricted Business for the time being carried on by the Enlarged Group ("**Restricted Business Undertaking**").

"**Restricted Business**" refers to:-

(a) the business of management and/or operation of resorts and hotels in Myanmar;

(b) the business of tourism destination management business in Myanmar; and

(c) the business of management, operation and ownership of hot air balloons tourism attraction assets in Myanmar,

Provided always that without prejudice to the VL Business Undertaking and the ACF Undertaking, JMR shall not be prohibited or restricted from holding any economic or ownership interest in the VL Business and the ACF Business.

As a condition precedent to Completion, JMR is also required to provide a similar Restricted Business Undertaking by way of a deed which will be applicable for the longer of the following periods: (i) for so long as JMR is an employee of the Enlarged Group and for an additional period of twelve (12) months thereafter or (ii) for so long as holds not less than 5% of the then prevailing total issued ordinary shares (excluding treasury shares) of the Company and for an additional period of twelve (12) months thereafter ("**JMR Restricted Period**").

(iii) Right of first refusal in relation to land adjourning the HAL Land

U Myo Myint Tun ("**MMT**") being one of the HAL Registered Shareholders, owns certain land which is adjacent to the HAL Land ("**Non-HAL Land**") and it is intended that MMT shall, in conjunction with the Restructuring, offer a right of first refusal to HAL MIC Co or its designee (if HAL MIC Co is unable to accept or exercise the option), to acquire the interest in the Non-HAL Land on terms and conditions to be mutually agreed.

5. Right of First Offer

(i) In relation to the Restricted Business Opportunity

Under the SPA, each of the Vendors has agreed that in the event that it receives or it has come to the attention of the Vendor that any of its Affiliates had received (whether directly or indirectly, including through any other person) at any time or from time to time during the Restriction Period, any bona fide offer, proposal or expression of interest or otherwise has an opportunity, for its own account or otherwise and whether or not solicited, to carry on or be engaged, concerned or interested in, carrying on, or otherwise to consider any proposed investment or participation in, any Restricted Business or which otherwise competes with the Restricted Business ("**Restricted Business Opportunity**"), such Vendor ("**Offeror**") shall, to the extent that it is within its powers to grant such right, and it is legally or contractually not restricted from doing so, offer the Enlarged Group the right of first offer to commercially exploit, invest and/or participate in the Restricted Business Opportunity ("**ROFO Undertaking**") in place of and to the exclusion of the Offeror.

As a condition precedent to Completion, JMR is also required to provide a similar ROFO Undertaking by way of a deed which will be applicable for the JMR Restricted Period.

(ii) In relation to the Management Rights Opportunity

Under the SPA, each of the Vendors has agreed that in the event that at any time or from time to time during the Restriction Period, it and/or any of its Affiliates ("**Offeror**") proposes or intends to develop, acquire, invest or participate in the ownership of any hotel or resort assets in Myanmar ("**Other Project Ownership**") that falls within certain prescribed

parameters as set out under the SPA, it shall offer the Company the right of first offer to secure the management and operation rights of the hotel or resorts assets which is the subject of such Other Project Ownership, whether directly or indirectly through any member of the Enlarged Group ("**Management Rights Opportunity**").

The prescribed parameters take in consideration, *inter alia*, whether the hotel or resort asset which is the subject of the Other Project Ownership is primarily a leisure tourism-focused hotel or resort asset, as opposed to primarily a business-focused hotel or resort asset, the nature and manner of the Offeror's participation in the Other Project Ownership, as well as taking into account the profile, branding or track record of the manager and operator that is required in order to match or fit the profile or branding of the Other Project Ownership.

In addition, under the SPA, it is contemplated that the Management Rights Opportunity may not have to be offered to the Enlarged Group if the audit committee of the Company determines, *inter alia*, that there are any legal, financial and/or commercial reasons or other circumstances prevailing which would make it unreasonable or impracticable to require the Offeror to offer the Management Rights Offer Opportunity to the Company.

As a condition precedent to Completion, JMR is also required to provide a similar undertaking in the foregoing terms ("**Management Rights Undertaking**") by way of a deed which will be applicable for the JMR Restricted Period.

The Restricted Business Undertaking, the ROFO Undertaking and the Management Rights Undertaking do not apply to restrict or limit YSIL or FMI and their Affiliates from undertaking certain businesses which as at the date of the SPA have been undertaken by Affiliates of YSIL and/or FMI, including investment in, development and construction of hotels and resorts, providing technical, management and other project consultancy or other services in respect of development and construction of hotels and resorts, and operating and managing service apartments and residences.

6. Transaction Expenses

Under the SPA, the Parties have agreed to bear certain expenses in connection with the Proposed Acquisition in the manner as follows:

(i) The Company shall be responsible for the fees and expenses associated with:

(a) the appointment of KPMG Corporate Finance Pte Ltd (for services rendered in connection with the Proposed Acquisition), the independent financial adviser and the independent valuer providing the Independent Valuation for purposes of the Proposed Acquisition; and

(b) the appointment of the internal auditor and the auditors and reporting accountants for the Company and appointment of any tax advisors appointed for rendering tax advice in connection with the Restructuring and all other reasonably incidental fees, costs and expenses (excluding the fees of legal counsel to be appointed by the Company and the Vendors in connection with the negotiation of the SPA, which shall be borne by the respective Parties and, for the avoidance of doubt, excluding all legal and financial due diligence costs which shall be borne by the Vendors) incurred or to be incurred for purposes of the Acquisition (collectively, "**Other Transaction Expenses**"), provided that the Company may use the Cash Balance to make payment of all or any portion of the Other Transaction Expenses which is due or payable on or prior to Completion, and the Company's obligation to maintain the Cash Balance as at

Completion shall be deemed satisfied and met so long as the Cash Balance as at Completion is equal to S$5 million less the aggregate of all such payments made.

(ii) The Vendors shall be responsible for the fees and expenses associated with the appointment of PrimePartners Corporate Finance Pte. Ltd. as the full sponsor, for purposes of the Proposed Acquisition and all due diligence (including financial and legal due diligence) costs and expenses to be incurred in connection with the Proposed Acquisition.

(iii) In the event the Proposed Acquisition is not completed as a result of any breach of or non-compliance with any warranty (excluding any breach of Warranties (as defined in Section 7 below)), undertaking or covenant by or due to the fault of or otherwise due to factors directly attributable to one or more of the Parties ("**Defaulting Party**"), all costs and expenses incurred in connection with the Proposed Acquisition shall be payable by the Defaulting Party.

In the case of breach of Warranties, the Defaulting Party shall bear all costs and expenses incurred in connection with the Proposed Acquisition if such breach of Warranties are in respect of matters relating to, *inter alia*, the Vendors' power and capacity to enter into the Agreement, title to the Sale Shares, and inability to procure the completion of the Restructuring due to any breach of default of any of the Registered Shareholders and/or the Asset Holding Companies. For breaches of other Warranties, the Company's recourse will be limited to its ability to recover 50% of the Other Transaction Expenses in the event there is no Completion.

(iv) In the event the Proposed Acquisition is not completed for whatever reason save in the case as provided in Section 6(iii) of Part A of this Appendix D: (i) the Company agrees and undertakes to bear 50% of the Other Transaction Expenses; and (ii) the Vendors agree and undertake to bear the remaining 50% of the Other Transaction Expenses.

In relation to the above, as announced by the Company on 29 January 2016, the Company has received an undertaking from the Major Shareholder pursuant to which the Major Shareholder has agreed to reimburse the Company for all costs and expenses relating to the Proposed Acquisition in the event the Proposed Acquisition is not successful.

7. Representations and Warranties

The Vendors have provided customary representations and warranties and indemnities in connection with the Proposed Acquisition, including certain representations and warranties relating to the Vendors' power and capacity to enter into the SPA, title to the Sale Shares, interests (including the entire Economic Interests) in the Target Businesses and certain matters related to the Restructuring ("**Unlimited Warranties**") and certain representations and warranties ("**Warrantors' Warranties**"), tax indemnities ("**Tax Indemnities**") by YSIL and FMI on, *inter alia*, the Asset Holding Companies and the Target Businesses that they are connected to. As a condition precedent to Completion, JMR also has to provide the Warrantors' Warranties, the Tax Indemnities on the Asset Holding Companies and the Target Businesses that he is connected to, by way of a deed of warranty, to be delivered on or prior to Completion (YSIL, FMI and JMR being collectively referred to as the "**Warrantors**" and each a "**Warrantor**").

The liability of the Warrantors in respect of the Warrantors' Warranties, the Tax Indemnities are several, insofar as they are warranting only in respect of, *inter alia*, the Asset Holding Companies and the Target Businesses that they are connected to, more particularly as follows:

Target Business	Warrantors warranting for such Target Business
BOB Business	YSIL and FMI
PHL Business	YSIL
BL Business	YSIL and FMI
HAL Business	JMR
DMC Business	JMR

The liability of the Warrantors for any and all breaches of the Warrantors' Warranties and the Tax Indemnities which are applicable to them, as well as the liability of the Vendors for any and all breaches of the representations, warranties, covenants and undertakings given by them under the SPA (excluding the Unlimited Warranties), are subject to a cap, more particularly as follows:

Target Business	Maximum liability[(1)]
BOB Business	S$25,066,860
PHL Business	S$18,200,000
BL Business	S$11,707,050
HAL Business	S$5,068,464
DMC Business	S$6,555,948

Note:

(1) Excluding the Target Group's reasonable legal and other professional fees and expenses and cost of investigation and litigation if the Warrantor and/or Vendor is otherwise required to pay or reimburse the Company and/or the Target Group in relation to it.

A claim may be brought against the Warrantors for breach of the Warrantors' Warranties only if such claim would be more than S$50,000 (whereupon the whole amount is claimable). No claim shall be brought against the Warrantors in respect of a breach of the Warrantors' Warranties and no claim shall be brought against the Vendors in respect of a breach of any of the representations, warranties, covenants and undertakings under the SPA, unless notice in writing of any such claim has been given to the relevant Warrantors or Vendors on or prior to the date falling eighteen (18) months after the Completion of the Proposed Acquisition. The Tax Indemnities shall not cover any tax claim which is brought later than 3 years after Completion.

The maximum quantum of liability as aforesaid has been agreed on a willing buyer willing seller basis, taking into consideration, *inter alia*, the profile of the Vendors, the Relevant Vendor Parties, the Warrantors as well as the likelihood of, and possible quantum of claims for breaches of Warrantors' Warranties in relation to the relevant Target Businesses.

8. Waiver from Mandatory General Offer

Subject to and on Completion, the Relevant Vendor Parties will have interests in the Company of more than 30% of the voting rights in the Company. Pursuant to Rule 14 of The Singapore Code on Take-overs and Mergers ("**Code**"), the Relevant Vendor Parties and persons acting in concert with each of them ("**Concert Parties**") would be required to make a general offer for the remaining Shares not owned or controlled by the Relevant Vendor Parties and their respective Concert Parties at the highest price paid or agreed to be paid by any of the Relevant Vendor Parties and their respective Concert Parties for the Shares in the preceding six (6) month period.

It is a condition precedent to the Proposed Acquisition that the Securities Industry Council ("**SIC**") grants the Relevant Vendor Parties and their respective Concert Parties, and does not revoke or repeal such grant, a waiver of their obligation to make a general offer under Rule 14 of the Code for all the Shares not owned or controlled by them ("**Whitewash Waiver**") and that independent Shareholders approve at a general meeting of the Company a whitewash resolution for the waiver of their rights to receive such a mandatory general offer from the Relevant Vendor Parties and their respective Concert Parties ("**Proposed Whitewash Resolution**"). Accordingly, the Relevant Vendor Parties will be applying to the SIC to seek for the Whitewash Waiver and the Company will be seeking approval of the independent Shareholders for the Proposed Whitewash Resolution at the EGM.

9. Proposed Share Consolidation

Under Rule 429 of the Catalist Rules, the issue price of each Share is required to be at least S$0.20 each. Accordingly, in conjunction with the Proposed Acquisition, the Company proposes to undertake a share consolidation exercise based on the ratio of seven (7) existing Shares to one (1) new Consolidated Share, or such ratio as may be mutually agreed between the Parties, which shall satisfy the requirements of Rule 429 of the Catalist Rules ("**Proposed Share Consolidation**") which would take place prior to the Proposed Acquisition and the Consideration Shares Issuance ("**Consolidated Share**").

10. Proposed Compliance Placement

Subject to and on Completion, it is envisaged that the Vendors, together with: (i) the directors, chief executive officer, substantial shareholders, or controlling shareholders of the Company or its subsidiary companies; and (ii) associates of the persons described in (i) above, will hold more than 85% of the issued and paid-up share capital of the Company.

In that event, the Company will not meet the shareholding spread and distribution requirements set out in the Catalist Rules. Accordingly, in connection with the Proposed Acquisition, the Company is required under the Catalist Rules to place out Shares to satisfy the minimum distribution and shareholding spread requirements of 15% of the Company's enlarged share capital to be held by 200 public shareholders on Catalist following Completion ("**Proposed Compliance Placement**") and the issue price for any new ordinary shares in the Company ("**Placement Shares**") to be placed out pursuant to the Proposed Compliance Placement shall not be less than S$0.20. Proceeds from the Proposed Compliance Placement may also be utilised to pay for the PHL Company Funded Costs for the PHL Construction referred to in Section 5.3 in this Announcement.

The Company has also agreed that, subject to certain conditions including the approval of PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**"), in its capacity as full sponsor to the Company, and considerations of the Company's working capital and funding requirements for the PHL Construction Costs, the Company will not unreasonably object or take any action to prevent JMR from placing up to 50% of the Consideration Shares received or to be received by him to the relevant placees under the Proposed Compliance Placement, to meet the aforesaid requirement.

11. Moratorium

Save in connection with the Proposed Compliance Placement, the Relevant Vendor Parties shall be subject to a moratorium not to dispose of or transfer or create any encumbrances over such of the Relevant Vendor Parties' interests in the Consideration Shares issued pursuant to the SPA as required under Rules 422(1), 422(2) and 1015(3)(b) of the Catalist Rules. For this purpose, the Vendors have agreed to provide or procure the provision of an undertaking from the Relevant Vendor Parties to the Company that they shall not dispose of, release or transfer or create any encumbrances of such Consideration Shares which are subject to the moratorium and which may be issued to them on Completion.

12. Changes to the Board

It is a condition precedent of the SPA that the Company shall procure the resignation of certain existing directors of the Company and the Vendors shall be entitled to nominate and appoint such number of nominees as the new directors of the Company ("**Directors**"), with effect from Completion. Further information on the board composition and the proposed Directors will be set out in the Circular to be despatched to Shareholders in due course.

13. Service Agreements

As at the date of this Announcement, the Company has not entered into any service agreement with any person proposed to be appointed as a Director or executive officer in connection with the Proposed Acquisition. It is envisaged that the Company will, on or prior to Completion, enter into service agreements with such Directors and executive officers of the Target Group and/or the Company as the Company and PPCF may see fit, on terms acceptable to the Parties. The details of such appointments and service agreements (if any) will be set out in the Circular to be despatched to Shareholders in due course.

Part B – Condition Precedents in relation to the Proposed Acquisition

A summary of some of the salient conditions precedent to Completion is set out below:

(a) the Company being reasonably satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) carried out or to be carried out by the Company and/or its advisers on the Target Group, the Asset Holding Companies, the Target Businesses, and the Target Business assets ("**Company's Due Diligence Investigations**"), including without limitation, the title to, the use of, and the status and condition of any properties (whether movable or immovable), assets (whether tangible or intangible), liabilities, permits, licences, businesses, operations (including through management meetings and site visits), records, financial position, accounts, results, tax, legal and corporate structure, employment matters and any other information disclosed to the Company. Without limiting the generality of the foregoing, the Company shall be reasonably satisfied that (i) on or prior to Completion there is proper title and/or ownership in respect of all of the Relevant Land vested in the Asset Holding Companies, or if not so vested, that such title and/or ownership may be secured within a reasonably acceptable timing for a term which is at least equivalent to that proposed to be sought for the investment contemplated under the relevant MIC Permit, and on such other terms and conditions satisfactory to the Company, (ii) all use of the Relevant Land is in accordance with applicable laws and that all relevant approvals have been duly obtained in relation to the same; and (iii) if the operation of the Target Business uses or occupies any land other than the Relevant Land, that such use or occupation is lawful and exclusive, and duly permitted under applicable laws and that all relevant approvals have been duly obtained in relation to the same, and on such other terms and conditions satisfactory to the Company

(b) (if applicable) the rectification by the Vendors, or the procurement by the Vendors of such rectification, to the reasonable satisfaction of the Company, of all issues or irregularities uncovered by the Company during the Company's Due Diligence Investigations on the Target Group, the Asset Holding Companies, Target Business assets and the Target Businesses which the Company requires to be duly rectified, including without limitation issues or irregularities relating to the ownership and/or use of the Relevant Land and/or any other land or properties used and/or occupied in connection with the Target Businesses;

(c) the Target being duly incorporated and to be held and owned by the Vendors immediately prior to Completion in the Relevant Proportion pursuant to the Restructuring in such manner reasonably satisfactory to the Company;

(d) the Company and/or the Target receiving evidence or confirmation of, *inter alia*, the following matters:-

(i) the fulfilment of the conditions precedent set out in **Schedule 3** of the SPA in respect of, *inter alia*, certain matters of the relevant Target Businesses such as land issues, payment of stamp duties and obtaining of applicable licences and permits and approvals to be duly rectified, regularised or obtained;

(ii) the fulfilment of the conditions precedent set out in Section B of **Schedule 4** of the SPA and all other applicable agreement(s) or document(s) relating to the Restructuring, and the execution and delivery of the various agreements, letters and documents that are required for the purposes of implementation and/or completion of the Restructuring;

(iii) the completion of an internal restructuring between YSIL, FMI and their affiliate in relation to certain interests (including the entire Economic Interests) in the BOB Business, the PHL Business and the BL Business held by such affiliate, to be evidenced by, *inter alia*, the delivery of a certificate jointly issued by the PHL Vendor, the BOB Vendors and the BL Vendors confirming the same;

(iv) the completion of the Corporate Vendor Buyout, to be evidenced by, *inter alia*, the delivery of a certificate by JMR and the Corporate Vendor confirming the same;

(v) certain release, discharge and waiver being given by:-

(1) (in the case of the BOB Business, the PHL Business and the BL Business) the affiliate of YSIL and FMI and (in the case of the HAL Business and the DMC Business) the persons (including JMR) who had certain rights, interests, benefits and entitlements in the HAL Business and DMC Business immediately prior to the Corporate Vendor Buyout (collectively, "**Previous Interest Holders**");

(2) the Registered Shareholders; and

(3) the respective Vendors,

in respect of (i) any and all liabilities and obligations (including contingent liabilities) which may be due or owing by the Asset Holding Companies and/or the relevant Target Businesses to them and any other claims of whatsoever nature which they may have against the Asset Holding Companies and/or the relevant Target Businesses at Completion and (ii) any and all other rights, interests, benefits or entitlements which they may have in respect of or otherwise relating to the Asset Holding Companies and/or the relevant Target Businesses at Completion;

(vi) the execution and delivery of management agreements between Management Co and each of SLTG, AHTT, CIL, PHL MIC Co and TLH for the provision of management services by the former or its designated affiliate to the latter (subject to compliance with all applicable laws),

(e) the Company having obtained at its own cost and expense an independent valuation report in respect of the valuation of the Target Group and/or the Target Businesses ("**Independent Valuation**") and being reasonably satisfied with the results or outcome of such valuation exercise;

(f) the receipt by the Company of a legal opinion to be issued by Kelvin Chia Yangon Ltd addressed to the Company in form and substance satisfactory to the Company and the Vendors;

(g) the Major Shareholder providing the Company with an indemnity in the agreed form pursuant to which the Major Shareholder agrees to indemnify, defend and hold harmless the Company from and against any and all losses which may be incurred or suffered by the Company based upon, arising out of or otherwise in respect of:

(i) any claim against the Company by ERGO in respect of the Company's obligations in respect of certain representations and warranties and indemnities given under the sale and purchase agreement dated 20 June 2014 and entered into between the Company and ERGO International AG in connection with the disposal of the Company's then wholly-owned subsidiary ("**ERGO SPA**") provided that the Company shall, if applicable, take all steps as required by the Major Shareholder (at the Major Shareholder's cost) to enforce the Company's rights under the ERGO SPA;

(ii) subject to the limitations of liability under the SPA, any tax claim which has been made or may hereafter be made (i) in respect of or arising from any transaction effected or deemed to have been effected by or in relation to the Company, and any business of the Company before Completion or by reference to any income, profits or gains earned, accrued or received on or before Completion or any tax liability of the Company that would not have been payable had there been no breach of any tax warranties provided by the Company in the SPA or the entry of the SPA, subject to certain exceptions;

(iii) a breach of the Company's warranties under the SPA (including any indemnity claims paid out or to be paid by the Company, or for which the Company is or may be liable for under the SPA), subject to the limitations of liability under the SPA;

(h) the SIC having granted the Vendors and its concert parties (and not having revoked or repealed such grant) a waiver of their obligation to make a mandatory offer under Rule 14 of the Code for the Shares not held by the Vendors and their concert parties and from having to comply with the requirements of Rule 14 of the Code including but not limited to pre-clearance from the SIC on any issues in connection with the Proposed Acquisition that the Vendors and/or the Company may consider necessary, subject to (i) any conditions or restrictions that the SIC may impose, provided that such conditions or restrictions are reasonably acceptable to the Company and the Vendors and their concert parties; and (ii) the Independent Shareholders approving at a general meeting of the Company the Proposed Whitewash Resolution;

(i) the Proposed Acquisition upon the terms of the SPA being approved by the SGX-ST and/or any other relevant authorities and where such approval is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the Parties;

(j) approval in-principle being obtained from the SGX-ST for the circular to be despatched to the Shareholders in respect of the Proposed Acquisition (and where such approval in-principle is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the Parties) and the compliance by the parties to the SPA of all the conditions or restrictions which may be imposed by the SGX-ST in connection thereto;

(k) receipt of a listing and quotation notice from the SGX-ST for the dealing in and quotation for the Consideration Shares on Catalist, such notice or approval not being revoked, rescinded or cancelled prior to Completion and, where such listing and quotation notice is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the Vendors and the Company;

(l) the execution and delivery by the Major Shareholder of an undertaking in the agreed form to (i) vote in favour of the resolutions set out in Section (m) of Part B of this Appendix D below at the EGM and (ii) not to sell, assign, give, transfer or otherwise dispose of their Shares until the conclusion of the

EGM; and (iii) not to charge, mortgage pledge or otherwise encumber the shares or in any interest in their shares in a manner which may restrict their ability to comply with the undertaking given under this Section (I) of Part B of this Appendix D where the undertakings pursuant to Sections (I)(ii) and (I)(iii) of Part B of this Appendix D aforesaid shall be given within 2 weeks of the signing of the SPA and the undertakings pursuant to Section (I)(i) of Part B of this Appendix D shall be given no later than the date on which the Circular is submitted to the SGX-ST for clearance and approval of the transactions contemplated under the SPA;

(m) the Company receiving the following approvals from its shareholders at an EGM to be convened, for:-

(i) the acquisition of the Sale Shares for the Purchase Consideration;

(ii) the allotment and issue of the Consideration Shares to YSIL, FMI and the Corporate Vendor Nominees in the manner as contemplated under the SPA;

(iii) the allotment and issue of the Placement Shares under the Proposed Compliance Placement;

(iv) the Proposed Share Consolidation;

(v) the Proposed Whitewash Resolution;

(vi) the change of name of the Company to a name which does not include the words "SHC Capital" or any derivative thereof; and

(vii) all such other approvals required from the Company's shareholders pursuant to applicable laws for the completion of the transactions contemplated under the SPA;

(n) the execution and delivery of the deed of undertaking and warranty in the agreed form containing, *inter alia*, certain indemnities and the applicable warranties under the SPA relating to the HAL Business and the DMC Business, the Restricted Business Undertaking, the ROFO Undertaking and the Management Rights Undertaking ("**Deed of Undertaking and Warranty**") to the Company and its successors in title and its assigns by JMR and such Deed of Undertaking and Warranty remaining in full force and effect and not being revoked, rescinded or cancelled prior to Completion;

(o) there being no delisting or suspension of the existing Shares of the Company from Catalist prior to and on Completion (other than any temporary trading halt or suspension at the request of the Company or any trading halt or suspension which will be lifted prior to or upon Completion) and the Shares not being delisted or subject to any delisting procedures prior to and on Completion;

(p) the Company being reasonably satisfied that there has been no material adverse change(i) in the business, assets, financial position or results of operations of the Asset Holding Companies and/or the Target Businesses, (ii) in the ability of the Vendors, the Corporate Vendor Nominees, the Previous Interest Holders, the Registered Shareholders, the Target Group Companies and/or the Asset Holding Companies to perform their respective obligations (where applicable) under this Agreement, and the Restructuring documents and/or to effect, consummate and/or agree to the relevant transactions as contemplated under, *inter alia*, the Restructuring ; or (iii) in the legality, validity or enforceability of, *inter alia*, the SPA or the Restructuring documents and/or the relevant transactions as contemplated under, *inter alia*, the Restructuring;

(q) the delivery of disclosure letters by the Vendors or the Company (as the case may be), disclosing exceptions to the applicable warranties made under the SPA by the Vendors or the Company (as the case may be), being in an agreed form and duly accepted by the Company or the Vendors (as the case may be);

(r) the Company being satisfied that the Target Group, Asset Holding Companies and/or the Target Businesses have no indebtedness or liabilities, save for (i) indebtedness or liabilities of a trading nature in the ordinary course of business in relation to the Target Businesses, (ii) the PHL Loan (if applicable) and (iii) in relation to the PHL Business, the BL Business and the HAL Business, such indebtedness owing by the relevant Asset Holding Companies to the Registered Shareholders, which will be offset against the amounts owing by the Registered Shareholders to the Asset Holding Companies by reason of the shares in the SingCo SPV to be issued and allotted to such Registered Shareholders in connection with the Restructuring, as directed by the Asset Holding Companies;

(s) the Vendors being reasonably satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) carried out or to be carried out by the Vendors and/or their advisers on the Company, including without limitation, records, financial position, accounts, results, tax, legal and corporate structure, and any other information disclosed to the Vendors;

(t) the Vendors being reasonably satisfied that there has been no material adverse change, or events, acts or omissions likely to lead to such a material adverse change in the ability of the Company to perform its obligations (where applicable) under the SPA; and

(u) each of YSH, FMI and (if applicable) any holding company of FMI and YSIL receiving any approvals required from its shareholders under applicable laws (including any applicable listing rules imposed by the SGX-ST or the Yangon Stock Exchange) in respect of the Proposed Acquisition and the transactions contemplated in connection therewith, for the entry of YSIL and/or FMI (as the case may be) into the SPA and any of the transactions contemplated under the SPA.

APPENDIX E

FINANCIAL EFFECTS

The unaudited proforma financial effects of the Proposed Acquisition are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Enlarged Group following Completion. The unaudited proforma financial effects of the Proposed Acquisition on the share capital, earnings, net tangible assets ("**NTA**") and gearing of the Enlarged Group have been prepared based on the audited financial results of the Company for the financial year ended 31 December 2015 and the unaudited management accounts of the Target Businesses for the financial year ended 31 March 2016 as at and assuming the completion of the Restructuring.

For the purposes of this announcement, certain re-alignment of the treatment between different accounting standards have been performed for the unaudited management accounts of the Target Businesses for the financial year ended 31 March 2016 in accordance with the Singapore Financial Reporting Standards ("**SFRS**").

As such, subject to the final audit to be conducted by the Reporting Accountants, there might be changes made for the unaudited proforma financial effects of the Enlarged Group subsequent to this announcement.

The unaudited proforma financial effects of the Enlarged Group below is presented in Singapore Dollars while the unaudited management accounts of the Target Businesses (as the case may be) for the financial year ended 31 March 2016 was prepared in US Dollar. The exchange rate used for conversion in the unaudited proforma financial effects of the Enlarged Group below was US$1 : S$1.35 for balance sheet items as at 31 March 2016 and US$1 : S$1.37 for income statement based on weighted average for the financial year ended 31 March 2016 (source: https://secure.mas.gov.sg/msb/ExchangeRates.aspx). The determination of the functional currency of the Enlarged Group will be performed at a later date in conjunction with the Proposed RTO Transactions.

For illustrative purposes only, the unaudited proforma financial effects of the Enlarged Group are computed based on, *inter alia*, the following assumptions:

(i) the proforma income statement is computed assuming that the Proposed Acquisition and the Proposed Share Consolidation were completed on 1 January 2015;

(ii) the proforma balance sheet is computed assuming that the Proposed Acquisition and the Proposed Share Consolidation were completed on 31 December 2015;

(iii) the financial effects do not take into account any transactions effected or completed by the Enlarged Group subsequent to 31 March 2016;

(iv) the financial effects on the loss and loss per share of the Enlarged Group are computed assuming that the Proposed Acquisition and the Proposed Share Consolidation have been completed on 1 January 2015;

(v) The financial effects on the share capital, NTA and gearing of the Enlarged Group are computed assuming that the Proposed Acquisition and the Proposed Share Consolidation has been completed on 31 December 2015;

(vi) the completion of the Restructuring, pursuant to which the Target Group will (a) (through PHL SPV and the Target) will acquire and own the legal and beneficial ownership of 100% of the issued share capital of PHL MIC Co which will acquire and own the PHL Business and the PHL Long Term Lease and (b) (through the other SingCo SPVs) acquire 100% of the Economic Interests in relation to the Other Target Businesses;

(vii) pursuant to the Restructuring, the consolidation of the financial results and financial position of the relevant Asset Holding Companies relating to the Other Target Businesses with the financial results and financial position of the Target Group, including the assets of the Other Target Businesses but excluding all indebtedness and liabilities of the relevant Asset Holding Companies (save for indebtedness or liabilities of a trading nature in relation to the Other Target Businesses and the PHL Loan (if applicable));

(viii) the difference between the deemed consideration for the Proposed Acquisition and the fair value of the net assets of the Enlarged Group, if any, have not been considered and will be determined on the date of Completion when the Relevant Vendor Parties have effectively obtained control of the Company. The actual difference could be materially different from the aforementioned assumption;

(ix) the Company will effect the Proposed Cash Distribution, retaining only a Cash Balance of S$5 million as at Completion, although the actual amount of such Cash Balance may be less, as the Company is entitled under the terms of the SPA, to utilise the Cash Balance to pay for, *inter alia*, the Other Transaction Expenses. The financial effects of the Proposed Cash Distribution have not been taken into account in preparing the proforma financial effects of the Enlarged Group;

(x) save as aforesaid, costs and expenses in connection with the Proposed RTO Transactions are disregarded for the purposes of preparing the proforma financial effects of the Enlarged Group;

(xi) for illustrative purposes, the Proposed Share Consolidation is assumed to be a ratio of seven (7) existing Shares to one (1) new Consolidated Share;

(xii) the analysis does not take into account the financial effects of the Proposed Compliance Placement and has not been adjusted for the impact of any other transactions or events other than the Proposed Acquisition and the Proposed Share Consolidation; and

(xiii) the financial effects do not take into account the financial effects of the non-controlling interests in the Enlarged Group.

Share Capital

(S$'000)	Before the Proposed Acquisition	After the Proposed Acquisition
Issued and paid-up share capital as at 31 December 2015	40,144	40,144
Effects of Proposed Acquisition	–	70,675
Enlarged issued and paid-up share capital	40,144	110,819
Number of Shares in issue as at 31 December 2015 ('000)	305,983	305,983
Adjusted Number of Shares after the Proposed Share Consolidation ('000)	43,712	43,712
Issuance of Consideration Shares ('000)	–	268,727
Number of Consolidated Shares in issue after the Proposed Share Consolidation ('000)	43,712	312,439

NTA

(S$'000)	Before the Proposed Acquisition	After the Proposed Acquisition
NTA as at 31 December 2015	38,860	38,860
Effects of Proposed Acquisition	–	70,675
Enlarged NTA	38,860	109,535
NTA per Share (cents)	12.70	–
NTA per Consolidated Share (cents)	–	35.06

Note:

NTA is calculated as net assets less intangible assets

Earnings

(S$'000)	Before the Proposed Acquisition	After the Proposed Acquisition
(Loss) after income tax as at 31 December 2015	(2,681)	(2,681)
Effects of Proposed Acquisition	–	2,022
(Loss) after income tax	(2,681)	(659)
(Loss) per Share (cents)	(0.88)	–
(Loss) per Consolidated Share (cents)	–	(0.21)

Gearing[(1)]

	Before the Proposed Acquisition	After the Proposed Acquisition
Net debt as at 31 December 2015 (S$'000)	–[(2)]	–[(3)]
Total capital (S$'000)	38,860	109,535
Gearing Ratio	N.M.	N.M.

N.M. – Not meaningful

Notes:

(1) Gearing is determined based on net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalent and total capital is calculated as equity.

(2) Not applicable as net debt of the Company as at 31 December 2015 is negative due to the cash and cash equivalents of S$38,896,000 being greater than the total liabilities of S$484,000.

(3) Not applicable as net debt of the Enlarged Group is negative due to the cash and cash equivalents of S$41,808,000 being greater than the total liabilities of S$4,959,000.

APPENDIX B
ANNOUNCEMENT OF THE COMPANY DATED 22 DECEMBER 2016 IN RESPECT OF THE NOMINATION OF THE CORPORATE VENDOR NOMINEES

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

UPDATE ON THE PROPOSED ACQUISITION BY SHC CAPITAL ASIA LIMITED OF CERTAIN TOURISM RELATED BUSINESSES IN THE REPUBLIC OF THE UNION OF MYANMAR

1. INTRODUCTION

1.1 On 24 October 2016, the board of directors ("**Board**") of SHC Capital Asia Limited ("**Company**") announced ("**Announcement**") that the Company had on 24 October 2016 entered into a conditional sale and purchase agreement ("**SPA**") with Yoma Strategic Investments Ltd. ("**YSIL**"), First Myanmar Investment Company Limited ("**FMI**") and Exemplary Ventures Limited ("**Corporate Vendor**") (each, a "**Vendor**" and collectively, "**Vendors**"), pursuant to which the Company shall acquire from the Vendors the entire issued and paid-up share capital ("**Sale Shares**") of a company to be incorporated by YSIL and/or FMI which will in turn acquire the Target Businesses pursuant to the Restructuring, for a consideration to be satisfied in full by the issuance and allotment of new ordinary shares in the capital of the Company ("**Consideration Shares**") at the issue price of S$0.263 per Consideration Share (post-Proposed Share Consolidation)("**Proposed Acquisition**").

Unless otherwise defined, all capitalised terms herein shall bear the same meaning ascribed to them in the Announcement.

2. NOMINATION OF CORPORATE VENDOR NOMINEES

2.1 Under the terms of the SPA, the Corporate Vendor shall notify the Company of the persons or entities ("**Corporate Vendor Nominees**") it intends to nominate to receive the Consideration Shares due to it under the SPA, within 30 days of the signing of the SPA to the extent feasible or possible, or in any event within 60 days of the signing of the SPA.

2.2 The Board wishes to announce that the Corporate Vendor had on 22 December 2016 notified the Company that it has nominated the following persons to receive the Consideration Shares due to it under the SPA in the manner set out below ("**Notification**"):

S/No.	Name of Corporate Vendor Nominees	Relevant Proportion of Consideration Shares (%)	Number of Consideration Shares (on a post-Proposed Share Consolidation basis)
1	Jean-Michel Alain Romon	6.91	18,568,937
2	ACE Pan-Asia Opportunities SPC (on behalf of Myanmar Tourism S.P.)	15.31	41,131,520
Total		22.22	59,700,457

The remaining Consideration Shares will be issued and allotted to YSIL and FMI, pursuant to which YSIL and FMI shall hold 62.17% and 15.61% of the Consideration Shares respectively.

2.3 The Corporate Vendor has informed the Company that as at the date of the Notification:

(a) Jean-Michel Alain Romon is a Swiss national and a professional travel agent and hotelier. His current work predominantly focuses on Myanmar's tourism industry;

(b) ACE PAO is a segregated portfolio company incorporated in the Cayman Islands. It is a private equity fund that is ultimately controlled by Ace & Company SA, a private equity fund manager based in Switzerland. It is licenced by FINMA, the financial regulator of Switzerland; and

(c) Jean-Michel Alain Romon and ACE PAO are not related to any of the Company's existing directors or controlling Shareholders, or their respective associates and, none of the Vendors, Jean-Michel Alain Romon and ACE PAO hold any shares in the capital of the Company.

3. CAUTIONARY STATEMENT

Shareholders should note although the SPA has been entered into, completion of the Proposed Acquisition is subject to conditions precedents being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the appropriate announcement(s) in relation to the Proposed Acquisition as and when there are material developments relating thereto, including providing regular updates on its progress in meeting key milestones of the Proposed Acquisition to the SGX-ST and investors as stated above.

Shareholders are advised to exercise caution in dealings with the Shares. Shareholders are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Acquisition carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer

22 December 2016

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

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, 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, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

APPENDIX C
ANNOUNCEMENT OF THE COMPANY DATED 24 DECEMBER 2016 IN RESPECT OF THE INCORPORATION OF THE TARGET COMPANY AND SINGCO SPVS

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

UPDATE ON THE PROPOSED ACQUISITION BY SHC CAPITAL ASIA LIMITED OF CERTAIN TOURISM RELATED BUSINESSES IN THE REPUBLIC OF THE UNION OF MYANMAR

1. INTRODUCTION

1.1 On 24 October 2016, the board of directors ("**Board**") of SHC Capital Asia Limited ("**Company**") announced ("**Announcement**") that the Company had on 24 October 2016 entered into a conditional sale and purchase agreement ("**SPA**") with Yoma Strategic Investments Ltd. ("**YSIL**"), First Myanmar Investment Company Limited ("**FMI**") and Exemplary Ventures Limited ("**Corporate Vendor**") (each, a "**Vendor**" and collectively, "**Vendors**"), pursuant to which the Company shall acquire from the Vendors the entire issued and paid-up share capital ("**Sale Shares**") of a company to be incorporated by YSIL and/or FMI which will in turn acquire the Target Businesses pursuant to the Restructuring, for a consideration to be satisfied in full by the issuance and allotment of new ordinary shares in the capital of the Company ("**Consideration Shares**") at the issue price of S$0.263 per Consideration Share (post-Proposed Share Consolidation)("**Proposed Acquisition**").

Unless otherwise defined, all capitalised terms herein shall bear the same meaning ascribed to them in the Announcement.

2. INCORPORATION OF TARGET AND SINGCO SPVs

2.1 The Board wishes to announce that on 23 December 2016, the Company had been informed by the Vendors that, further to the Restructuring, the Target and SingCo SPVs had been incorporated. Details of the Target and SingCo SPVs are set out below:

TARGET COMPANY FOR THE PROPOSED ACQUISITION

Name of company	:	MM Myanmar Pte. Ltd. ("**MM Myanmar**")
Place of incorporation	:	Singapore
Issued and paid-up share capital	:	S$2 comprising 2 ordinary shares of S$1 each
Interest	:	50% interest held by YSIL and the remaining 50% interest held by FMI

SINGCO SPVs

Name of company	:	MM (PHL) Pte. Ltd.
Place of incorporation	:	Singapore
Issued and paid-up share capital	:	S$2 comprising 2 ordinary shares of S$1 each
Interest	:	100% interest held by MM Myanmar

Name of company	:	MM (BOB) Pte. Ltd.
Place of incorporation	:	Singapore
Issued and paid-up share capital	:	S$2 comprising 2 ordinary shares of S$1 each
Interest	:	100% interest held by MM Myanmar

Name of company	:	MM (BL) Pte. Ltd.
Place of incorporation	:	Singapore
Issued and paid-up share capital	:	S$2 comprising 2 ordinary shares of S$1 each
Interest	:	100% interest held by MM Myanmar

Name of company	:	MM (DMC) Pte. Ltd.
Place of incorporation	:	Singapore
Issued and paid-up share capital	:	S$2 comprising 2 ordinary shares of S$1 each
Interest	:	100% interest held by MM Myanmar

Name of company	:	MM (HAL) Pte. Ltd.
Place of incorporation	:	Singapore
Issued and paid-up share capital	:	S$2 comprising 2 ordinary shares of S$1 each
Interest	:	100% interest held by MM Myanmar

2.2 Details on the Restructuring can be found in the Announcement.

3. CAUTIONARY STATEMENT

Shareholders should note although the SPA has been entered into, completion of the Proposed Acquisition is subject to conditions precedents being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the appropriate announcement(s) in relation to the Proposed Acquisition as and when there are material developments relating thereto, including providing regular updates on its progress in meeting key milestones of the Proposed Acquisition to the SGX-ST and investors as stated above.

Shareholders are advised to exercise caution in dealings with the Shares. Shareholders are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Acquisition carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer

24 December 2016

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

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, 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, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

APPENDIX D
ANNOUNCEMENT OF THE COMPANY DATED 21 JUNE 2017 IN RESPECT OF THE APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

UPDATE ON THE PROPOSED ACQUISITION BY SHC CAPITAL ASIA LIMITED OF CERTAIN TOURISM RELATED BUSINESSES IN THE REPUBLIC OF THE UNION OF MYANMAR (THE "PROPOSED ACQUISITION")

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*Unless otherwise defined, capitalised terms used herein shall bear the meanings ascribed to them in the Company's announcements dated 24 October 2016, 14 December 2016, 22 December 2016 and 24 December 2016 in relation to the Proposed Acquisition ("**Announcements**").*

The Board of Directors of SHC Capital Asia Limited ("**Company**") refers to the Announcements relating to the Proposed Acquisition.

The Board wishes to inform shareholders of the Company ("**Shareholders**") that in connection with the Proposed Acquisition, the Company has appointed Asian Corporate Advisors Pte. Ltd. as the independent financial advisor to advise the directors who are considered independent for the purposes of the Proposed Whitewash Resolution ("**Independent Directors**") and independent shareholders in relation to the Proposed Whitewash Resolution. A circular containing, *inter alia*, the advice of the independent financial advisor and the recommendation of the independent Directors in relation to each of the Proposed Acquisition and the Proposed Whitewash Resolution will be despatched by the Company to Shareholders in due course.

Shareholders should note although the SPA has been entered into, completion of the Proposed Acquisition is subject to conditions precedent being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the appropriate announcement(s) in relation to the Proposed Acquisition as and when there are material developments relating thereto, including providing regular updates on its progress in meeting key milestones of the Proposed Acquisition to the SGX-ST and investors as stated above.

Shareholders are advised to exercise caution in dealings with the Shares. Shareholders are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Acquisition carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer

21 June 2017

This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. ("Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, 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, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

APPENDIX E
ANNOUNCEMENT OF THE COMPANY DATED 30 JUNE 2017 IN RESPECT OF THE EXTENSION OF THE LONG STOP DATE UNDER THE RTO SPA

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

UPDATE ON THE PROPOSED ACQUISITION BY SHC CAPITAL ASIA LIMITED OF CERTAIN TOURISM RELATED BUSINESSES IN THE REPUBLIC OF THE UNION OF MYANMAR (THE "PROPOSED ACQUISITION")

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*Unless otherwise defined, capitalised terms used herein shall bear the meanings ascribed to them in the Company's announcements dated 24 October 2016, 14 December 2016, 22 December 2016, 24 December 2016 and 21 June 2017 in relation to the Proposed Acquisition ("**Announcements**").*

The Board of Directors of SHC Capital Asia Limited ("**Company**") refers to the Announcements relating to the Proposed Acquisition.

The Board of Directors of the Company wishes to inform the Shareholders that the Company and the Vendors had on 30 June 2017 entered into an extension letter ("**Extension Letter**"), pursuant to which they have agreed that the Long Stop Date for the fulfilment or waiver of the conditions precedent set out in the SPA will be extended from 30 June 2017 to 30 September 2017. All other terms and conditions of the SPA shall remain the same.

Shareholders should note although the SPA has been entered into, completion of the Proposed Acquisition is subject to conditions precedent being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the appropriate announcement(s) in relation to the Proposed Acquisition as and when there are material developments relating thereto, including providing regular updates on its progress in meeting key milestones of the Proposed Acquisition to the SGX-ST and investors as stated above.

Shareholders are advised to exercise caution in dealings with the Shares. Shareholders are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Acquisition carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer

30 June 2017

This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, 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, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

APPENDIX F
ANNOUNCEMENT OF THE COMPANY DATED 17 AUGUST 2017 IN RESPECT OF THE ENTRY INTO THE SUPPLEMENTAL SPA

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

AMENDING AND RESTATEMENT DEED IN RELATION TO THE PROPOSED ACQUISITION BY SHC CAPITAL ASIA LIMITED OF CERTAIN TOURISM RELATED BUSINESSES IN THE REPUBLIC OF THE UNION OF MYANMAR (THE "PROPOSED ACQUISITION")

Unless otherwise defined, capitalised terms used herein shall bear the meanings ascribed to them in SHC Capital Asia Limited's (the "**Company**") announcements dated 24 October 2016 (the "**Original SPA Announcement**"), 14 December 2016, 22 December 2016, 24 December 2016, 21 June 2017 and 30 June 2017 in relation to the Proposed Acquisition ("**Announcements**").

The Board of Directors of the Company refers to the Announcements relating to the Proposed Acquisition and wishes to inform the Shareholders that the Company and the Vendors had on 17 August 2017 entered into an amending and restatement deed ("**Supplemental SPA**") to amend and restate the sale and purchase agreement dated 24 October 2016 ("**Original SPA**"). The salient changes to the Original SPA are set out in Section 1 below.

1. SALIENT CHANGES TO THE ORIGINAL SPA

1.1 Amendment of Definitions

Following, *inter alia*, the incorporation and naming of the Target as "MM Myanmar Pte Ltd", all references in the Original SPA to "Target" were changed to "MM Myanmar".

Also, all references to "HAL MIC Co" (being the company incorporated and named as "Hpa An Traditional Lodge Limited") were changed to "HAL MM Co", "BL MIC Co" (being the company incorporated and named as "Riverside Bagan Limited") to "BL MM Co", "PHL MIC Co" (being the company incorporated and named as "Pun Hlaing Lodge Hotel Management Limited") to "PHLMHL", while all references to "Target Consideration Shares" were changed to "MM Myanmar Consideration Shares".

1.2 Reduction of Purchase Consideration and Consideration Shares

The Purchase Consideration for the purchase of the Sale Shares by the Company has been reduced from S$70,675,130 to S$69,694,228.

Following the reduction to the Purchase Consideration, the aggregate number of Consideration Shares to be issued and allotted to YSIL, FMI and the Corporate Vendor Nominees has been reduced by 3,729,666 shares in the capital of the Company (after the Proposed Share Consolidation) ("**Consolidated Shares**") from 268,726,731 Consolidated Shares to 264,997,065 Consolidated Shares ("**Consideration Shares**"). Accordingly, the number of Consideration Shares to be issued and allocated to YSIL, FMI and the Corporate Vendor Nominees shall be as follows:

Vendors / Corporate Vendor Nominees	Number of Consideration Shares	Relevant proportion of Consideration Shares (%)
YSIL	167,078,848	63.05
FMI	41,947,426	15.83
JMR	14,839,271	5.60
Investor Co Nominee	41,131,520	15.52
Total	264,997,065	100.00

1.3 Modifications to the Restructuring

1.3.1 Under the Supplemental SPA, the Company has agreed with the Vendors on certain modifications to the restructuring of the Vendors' interests in the Target Businesses from that as originally defined or otherwise contemplated under the Original SPA (such modified restructuring to be referred to as "**Restructuring**"). Pursuant to the Restructuring, MM Myanmar would (through the relevant Target Group Companies as further set out in Annex A hereto) acquire such interests in the relevant Target Group Companies on or prior to the Completion of the Proposed Acquisition ("**Restructuring Completion**"), as further described below:

(i) ownership of 100.0% of the issued shares of PHLHML ("**PHLHML Shares**"), which currently owns, manages and holds the PHL Business pursuant to the acquisition of the PHL Business and obtaining of the Long Term Lease of the PHL Land by PHLHML from PHL;

(ii) ownership of 40.0% of the issued shares of SLTG ("**SLTG Shares**"), which currently owns, operates, manages and holds the BOB Business and Economic Interests in respect of the remaining 60.0% of the issued shares of SLTG and certain powers and authority over such shares;

(iii) Economic Interests in respect of 100.0% of the issued shares of CIL, which currently owns, manages and holds the BL Business and certain powers and authority over such shares, pending the completion of the acquisition of the BL Business and obtaining of the Long Term Lease of the BL Land by BL MM Co, a wholly-owned subsidiary of BL SPV, from CIL ("**Completion of BL APA**");

(iv) Economic Interests in respect of 100.0% of the issued shares of TLH, which currently owns, operates, manages and holds the HAL Business and certain powers and authority over such shares, pending the completion of the acquisition of the BL Business and obtaining of the Long Term Lease of the HAL Land by HAL MM Co, a wholly-owned subsidiary of HAL SPV, from TLH ("**Completion of HAL APA**"); and

(v) ownership of 300 shares ("**AHTT Shares**") representing approximately 59.9% of the issued shares of AHTT which currently owns, operates manages and holds the DMC Business, and Economic Interests in respect of the remaining 201 shares representing approximately 40.1% of the issued shares of AHTT and certain powers and authority over such shares.

The contemplated corporate structure of the Target Group as at the Restructuring Completion is set out in Annex A.

For the avoidance of doubt, the Company wishes to highlight that the Completion of the HAL APA and Completion of the BL APA are not required as part of the Restructuring Completion as:

(a) the Completion of the HAL APA is subject to, *inter alia*, MIC Endorsement being obtained for the investment activity of HAL SPV and the Long Term Lease of the HAL Land as described in Section 3.1 below; and

(b) depending on the exact nature and the scope of the BL Business, the Completion of the BL APA is subject to, *inter alia*, MIC Endorsement being obtained for the investment activity of BL SPV and the Long Term Lease of the BL Land or MIC Permit being obtained for BL SPV's investment in the BL Business (as applicable) as described in Section 3.1 below.

The rationale for the aforesaid modifications is elaborated in Section 3.1 below.

1.3.2 In addition, the Company has agreed with the Vendors on certain modifications to the relevant steps or methods of arriving at the Restructuring Completion, the key changes of which are set out below:

(i) the consideration payable to the Registered Shareholders of SLTG for the sale and purchase of the SLTG Shares will not be settled or satisfied through the issuance of consideration shares by BOB SPV to them, but will instead be settled and satisfied in cash by BOB SPV, on completion of the sale and purchase of the SLTG Shares;

(ii) the consideration payable to the Registered Shareholders of AHTT for the sale and purchase of the AHTT Shares will not be settled or satisfied through the issuance of consideration shares by DMC SPV to them, but will instead be settled and satisfied in cash by DMC SPV on completion of the sale and purchase of the AHTT Shares;

(iii) the consideration payable to TLH ("**TLH Consideration**") for the transfer of the HAL Business and the grant of the Long Term Lease of the HAL Land by TLH to HAL MM Co will not be settled or satisfied through the issuance of consideration shares by HAL SPV to the Registered Shareholders of TLH at the direction of TLH. Instead, the TLH Consideration will be settled and satisfied in cash by HAL SPV, to be payable in such manner and on such date or dates to be mutually agreed between TLH and HAL MM Co (including but not limited to repayment through offset against such other amount or amounts as may be then due or owing by TLH to any of the other Target Group Companies) or, at the request of the Company, to be assigned by TLH to such other person or persons as TLH and HAL MM Co may mutually agree (or failing agreement, to be waived or released and discharged by TLH) in conjunction with the Completion of the HAL APA;

(iv) the consideration payable to CIL ("**CIL Consideration**") for the transfer of the BL Business and the grant of the Long Term Lease of the BL Land by CIL to BL MM Co will not be settled or satisfied through the issuance of consideration shares by BL SPV to the Registered Shareholders of CIL at the direction of CIL. Instead, the CIL Consideration will be settled and satisfied in cash by BL SPV, to be payable in such manner and on such date or dates to be mutually agreed between CIL and BL MM Co (including but not limited to repayment through offset against such other amount or amounts as may be then due or owing by TLH to any of the other Target Group Companies) or, at the request of the Company, to be assigned by CIL to such other person or persons as CIL and BL MM Co may mutually agree (or failing agreement, to be waived or released and discharged by CIL) in conjunction with the Completion of the BL APA;

(v) the consideration payable to the Registered Shareholders of PHLHML for the sale and purchase of the PHML Shares will not be settled or satisfied through the issuance of consideration shares by PHL SPV to them, but will instead be settled and satisfied through the issue of certain consideration shares ("**PHLHML Target Consideration Shares**") by MM Myanmar to YSIL at the direction of the PHLML Registered Shareholders;

(vi) there will no longer be any additional issuance of shares in the capital of the SingCo SPVs to MM Myanmar, save for such issuance of shares as may be required to enable each of BOB SPV and the DMC SPV to perform or comply with its obligations under the BOB SPA and the DMC SPA respectively, and to enable each of BL MM Co and HAL MM Co to perform or comply with its obligations under the BL APA and the HAL APA respectively;

(vii) Yoma Development Group Pte. Ltd. and SPA Project Management Pte. Ltd. ("**PHLHML Registered Shareholders**") are to assign all their rights arising under the asset cost transfer agreement dated 26 January 2017 and entered into between the PHLHML Registered Shareholders, PHL and PHLHML ("**ACTA**") to PHL SPV, including but not limited to the rights of the PHLHML Registered Shareholders, acquired by them from PHL, to have certain contributions in kind made to PHLHML for the procurement of goods, materials, works and services (collectively the "**ACTA Amounts**") to be capitalized by way of further issuance of shares in PHLHML ("**Assignment of the ACTA**");

(viii) certain non-trade payables of CIL owing to related parties of the BL Vendors are to be assigned to BL MM Co on or prior to Completion of the Proposed Acquisition ("**Assignment of CIL Liabilities**"); and

(ix) certain non-current liabilities of TLH owing to related parties of JMR and/or the Corporate Vendor are to be assigned to HAL MM Co on or prior to Completion of the Proposed Acquisition ("**Assignment of TLH Liabilities**").

The main purpose of the foregoing modifications is to simplify the share capital structure of the SingCo SPVs, *inter alia*, by removing the need for consideration or additional shares to be issued by the SingCo SPVs, and to ensure that the Target Group would not have any liabilities at Completion of the Proposed Acquisition, save for (i) indebtedness or liabilities of a trading nature in the ordinary course of business in relation to the Target Business; (ii) the PHL Loan, if applicable; and (iii) inter-company amounts owing within the Target Group ("**Inter-company Liabilities**"). Pursuant to the terms of the Supplemental SPA, the Company has agreed to allow such Inter-company Liabilities as an exception to Clause 3.2(b) and Clause 4.1(aa) of the Original SPA.

1.3.3 Further, following the reduction of the Purchase Consideration, the limit of the aggregate liability ("**Maximum Liability**") applicable for any and all breaches of Warrantors' Warranties and breaches of covenants and undertakings in relation to the DMC Business has been reduced from S$6,555,948 to S$5,869,317.

2. REDUCTION OF PURCHASE CONSIDERATION AND CONSIDERATION SHARES

2.1 Rationale for reduction of Purchase Consideration and Consideration Shares

Due to MM Myanmar having to assume certain liabilities amounting to US$712,192 that were owing by the Corporate Vendor to AHTT ("**Assumed Liabilities**"), the Vendors and the Company

have agreed under the terms of the Supplemental SPA to reduce the amount of the Purchase Consideration by S$980,902, which is the S$ equivalent of the Assumed Liabilities (based on the exchange rate of US$1.00 : S$1.3773 under the Original SPA).

The Company understands that MM Myanmar will have a lower share capital as a result of a reduced number of consideration shares being issued and allotted to the Corporate Vendor in relation to the injection of the HAL Business and DMC Business into MM Myanmar due to the offset of the Assumed Liabilities against the purchase consideration which was supposed to be received by the Corporate Vendor for the injection of the DMC Business.

Following the issuance and allotment of 69,694,226 shares in MM Myanmar ("**MM Myanmar Consideration Shares**") on 17 August 2017, the number of Sale Shares to be sold by each of the Vendors and the relevant proportion ("**Relevant Proportion**") are set out as below:

Shareholder	Number of Sale Shares	Relevant Proportion / Shareholding Percentage in MM Myanmar
YSIL	43,941,737	63.05%
FMI	11,032,173	15.83%
EVL	14,720,318	21.12%
Total	69,694,228(1)	100.00%

Note:

(1) As at the date of this announcement, 69,694,228 Sale Shares comprise two (2) shares as at the date of incorporation of MM Myanmar and 69,694,226 MM Myanmar Consideration Shares.

2.2 Revised Financial and Shareholding Effects of the Proposed Acquisition

2.2.1 Relative figures under Rule 1006 of the Catalist Rules

Due to the reduction of the Purchase Consideration and the number of Consideration Shares pursuant to the terms of the Supplemental SPA, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006(a) to (e) of the Catalist Rules as set out in the Original SPA Announcement are revised as follows:

Rule 1006(a): Net asset value of assets to be disposed of, compared with the Company's net asset value	Not applicable
Rule 1006(b): Net profit attributable to Target Business as compared with the Company's net loss(1)	Not meaningful(2)
Rule 1006(c):	196.4%

Aggregate value of the Consideration, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares[3]	
Rule 1006(d): The number of Consideration Shares to be issued by the Company as Consideration for the Proposed Acquisition, as compared with the number of equity securities of the Company previously in issue[4]	606.2%
Rule 1006(e): The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Company's proved and probable reserves	Not applicable

Notes:

(1) "Net profit or loss" means profit or loss before income tax, minority interests and extraordinary items.

(2) Not meaningful. The Company's audited net loss for the financial year ended 31 December 2015 and unaudited net loss for the six months period ended 30 June 2016 is S$2,678,000 and S$895,000 respectively. The net profit attributable to Target Group is S$2,718,358 for the financial year ended 31 March 2016 based on the unaudited management accounts of the Target Businesses.

(3) Based on (i) the Purchase Consideration of S$69,694,228; and (ii) the market capitalisation of the Company of approximately S$35,493,980, determined by multiplying 305,982,583 existing Shares in issue as at 24 October 2016 by the volume weighted average price of S$0.116 of such Shares transacted on 10 October 2016, being the last traded day immediately preceding the date of the Original SPA.

(4) Based on the issue of 264,997,065 Consideration Shares and 43,711,798 Consolidated Shares (after the Proposed Share Consolidation of the 305,982,583 existing Shares of the Company) For the avoidance of doubt, the Proposed Share Consolidation shall take place before the issue of the Consideration Shares.

Based on the reduced Purchase Consideration of S$69,694,228 and 264,997,065 Consideration Shares, the relative figures of the Proposed Acquisition computed above on the applicable bases set out in Rule 1006(a) to (e) of the Catalist Rules at the time of the Original SPA Announcement still exceed 100%. Accordingly, the Proposed Acquisition is still a "Very Substantial Acquisition" or "Reverse Takeover" as defined under Chapter 10 of the Catalist Rules for which Shareholders' approval must be obtained pursuant to Rule 1015 of the Catalist Rules.

2.2.2 Financial Effects

For the purpose of illustrating the financial effects of the reduction in the Purchase Consideration and the number of Consideration Shares, the unaudited pro forma financial effects of the Proposed Acquisition based on the assumptions as set out in the Appendix E of the Original SPA Announcement would be revised as follows:

Share Capital

(S$'000)	Before the Proposed Acquisition	After the Proposed Acquisition
Issued and paid-up share capital as at 31 December 2015	40,144	40,144
Effects of Proposed Acquisition	–	69,694
Enlarged issued and paid-up share capital	40,144	109,838
Number of Shares in issue as at 31 December 2015 ('000)	305,983	305,983
Adjusted number of Shares after the Proposed Share Consolidation ('000)	43,712	43,712
Issuance of Consideration Shares ('000)	–	264,997
Number of Consolidated Shares in issue after the Proposed Share Consolidation ('000)	43,712	308,709

NTA

(S$'000)	Before the Proposed Acquisition	After the Proposed Acquisition
NTA as at 31 December 2015	38,860	38,860
Effects of Proposed Acquisition	–	69,694
Enlarged NTA	38,860	108,554
NTA per Share (cents)	12.70	–
NTA per Consolidated Share (cents)	–	35.16

Note:

NTA is calculated as net assets less intangible assets

Earnings

(S$'000)	Before the Proposed Acquisition	After the Proposed Acquisition
(Loss) after income tax as at 31 December 2015	(2,681)	(2,681)
Effects of Proposed Acquisition	–	2,022
(Loss) after income tax	(2,681)	(659)
(Loss) per Share (cents)	(0.88)	–
(Loss) per Consolidated Share (cents)	–	(0.21)

Gearing(1)

	Before the Proposed Acquisition	After the Proposed Acquisition
Net debt as at 31 December 2015 (S$'000)	–(2)	–(3)
Total capital (S$'000)	38,860	108,554
Gearing ratio	N.M.	N.M.

N.M. denotes not meaningful

Notes:

(1) Gearing is determined based on net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalent and total capital is calculated as equity.

(2) Not applicable as net debt of the Company as at 31 December 2015 is negative due to the cash and cash equivalents of S$38,896,000 being greater than the total liabilities of S$484,000.

(3) Not applicable as net debt of the Enlarged Group is negative due to the cash and cash equivalents of S$41,808,000 being greater than the total liabilities of S$4,959,000.

2.2.3 Shareholding Effects

For the purpose of illustrating the shareholding effects of the reduction in the Purchase Consideration and the number of Consideration Shares, the shareholding structure of the Company after the Proposed Share Consolidation and Proposed Acquisition but before the Proposed Compliance Placement would be revised as follows:

Shareholder	Before the Proposed Share Consolidation and the Proposed Acquisition		After the Proposed Share Consolidation but before the Proposed Acquisition		After the Proposed Share Consolidation and the Proposed Acquisition	
	Shares	(%)	Shares	(%)	Shares	(%)
SHC Capital Holdings Pte Ltd	249,639,317	81.59	35,662,760	81.59	35,662,760	11.55
Relevant Vendor Parties	–	–	–	–	264,997,065	85.84
Other Shareholders	56,343,266	18.41	8,049,038	18.41	8,049,038	2.61
Total	**305,982,583**	**100.00**	**43,711,798**	**100.00**	**308,708,863**	**100.00**

3. MODIFICATIONS TO RESTRUCTURING

3.1 Rationale for the Modifications to the Restructuring as Originally Contemplated under the Original SPA

Under the Original SPA, it was envisaged that the Vendors would effect a restructuring of their interests in the Target Businesses, *inter alia*, by procuring the relevant SingCo SPVs to obtain the assignment of Economic Interests and grant of certain powers or authority over 100.0% of the shares of SLTG, AHTT, CIL and TLH, prior to the Completion of the Proposed Acquisition.

This was because it was previously contemplated that MIC Permits or clarifications would be required in respect of the restructuring of the relevant Target Businesses to allow direct foreign investment in such businesses, and the process of applying for and/or obtaining such MIC Permits or clarifications may take some time to effect or complete. Hence, pursuant to the Original SPA, the parties agreed to proceed with Completion of the Proposed Acquisition based, *inter alia*, on the acquisition of Economic Interests as aforesaid.

The modifications to the Restructuring took into account certain changes to Myanmar's investment laws since the execution of the Original SPA, as more particularly described below:

<u>BOB Business</u>

The BOB Business falls under local tour services and domestic air transport in relation to its hot air balloons operation. Under the current laws and regulations:

(i) local tour services fall under a list ("**Restricted List**") of restricted investment activities ("**Restricted Investments**") which, *inter alia*, are required to be carried out in a joint venture with a Myanmar citizen or citizen company investor ("**JV Restricted Investment**"), and where foreign share ownership of up to a maximum of 80.0% in the joint venture may be permitted; and

(ii) investment in domestic air transport business ("**Line Ministry Restricted Investment**") requires the approval of the Ministry of Transport and Communication (the "**MOTC**"), and in extending such approval, the MOTC may at its discretion additionally prescribe a joint venture requirement/ratio with a Myanmar partner.

Following the approval for the conversion of SLTG from a company operating under the old Myanmar Citizens' Investment Law 2013 ("**MCIL**") to a foreign owned company on 6 January 2017, the MIC issued an endorsement on 7 July 2017 ("**BOB MIC Endorsement**") to approve the transfer of 60.0% shares of SLTG to BOB SPV and BOB SPV's investment in the BOB Business as a joint venture investment in accordance with the new Myanmar Investment Law ("**MIL**"). In the course of the application for the BOB MIC Endorsement, the MIC had indicated that a new MIC Permit would not be issued to replace SLTG's old MIC Permit under the MCIL and the MIC also informed that it is not necessary for the MOTC to be consulted in relation to such transfer of shares.

Notwithstanding the foregoing, according to prevailing policy, the MOTC and Department of Civil Aviation ("**DCA**") imposes as a requirement that foreign investors should not hold more than 49.0% of the issued share capital of a business conducting commercial air transport services. The DCA may enforce this requirement by not issuing an air operator certificate to companies where a foreign investor holds more than 49.0% of the issued share capital. Further, there are additional laws and regulations pertaining to the registration of aircrafts, which only allow aircrafts to be used for public transport or other commercial purpose, if said aircrafts are registered under the category where foreign investors hold no more than 40% of the issued share capital in a company.

Having considered the aforementioned requirements, the Restructuring was modified to require the transfer of 40.0% of the issued shares of SLTG to BOB SPV at Restructuring Completion instead of 60.0% of the issued shares of SLTG as approved under the BOB MIC Endorsement ("**Amended BOB Share Transfer**"), and BOB SPV shall hold Economic Interests in respect of the remaining 60.0% of the issued shares of SLTG at Restructuring Completion. Accordingly, SLTG shall seek further approval from the MIC to amend the BOB MIC Endorsement to reduce the number of SLTG's issued shares approved for transfer to BOB SPV from 60.0% to 40.0% ("**Amended BOB MIC Endorsement**"). The Amended BOB Share Transfer is subject to the Amended BOB MIC Endorsement being obtained.

DMC Business

The DMC Business falls under local tour services and hence the DMC Business is subject to the joint venture requirements under the Restricted List, which allows foreign share ownership of up to a maximum of 80.0% in the joint venture.

Taking into consideration the foregoing and the general requirement of the Ministry of Hotel and Tourism ("**MOHT**") to allow a maximum of 60.0% foreign investment in businesses requiring a tour operation enterprise licence which is required for the DMC Business, the Restructuring was modified to require DMC SPV to acquire ownership of 300 shares representing approximately 59.9% of the issued shares of AHTT and to hold Economic Interests in respect of the remaining 201 shares representing approximately 40.1% of the issued shares of AHTT and certain powers and authority over such shares.

HAL Business

The hotel business, which is the business engaged in under the HAL Business, is not a Restricted Investment. However, under current laws and regulations, the grant of the Long Term Lease in respect of the HAL Land by TLH to HAL MM Co is subject to obtaining the MIC Endorsement and the land rights authorisation under the MIL.

An application for MIC Endorsement has been submitted to the MIC in June 2017. As it may require some time to obtain such MIC Endorsement, HAL SPV will continue to obtain the assignment of Economic Interests and grant of certain powers or authority over 100.0% of the shares of TLH at Restructuring Completion. The Completion of the HAL APA, where there is acquisition of the HAL Business and obtaining of the Long Term Lease of the HAL Land by HAL MM Co from TLH, shall be subject to obtaining the MIC Endorsement for the investment activity of HAL SPV and the Long Term Lease of the HAL Land.

BL Business

The Company is purchasing the BL Business on an "as is" basis, *inter alia*, with a view to develop the BL Land into a commercial and tourism-related hospitality development. However, the exact nature and scope of the BL Business is subject to, *inter alia*, the Company duly considering the feasible option(s) and relevant approvals to be obtained in connection with the BL Business, in particular, regulatory approvals for the construction and/or development and/or use of the BL Land for commercial purposes.

As the BL Land is located in Bagan which is generally considered to be a heritage site, depending on the nature and scope of the BL Business, there is a possibility that it may be considered to be an activity having potential large impact on the environment and local community for which under current laws and regulations, an MIC permit may be required to be obtained under the MIL rather than an MIC Endorsement and there may be special considerations imposed by MIC or the relevant authorities which may restrict the nature and manner of development or use of the BL Land, and/or limit on the foreign ownership of the BL Business.

In view of the foregoing, while an application for MIC Endorsement for the Long Term Lease in respect of the BL Land has been submitted to the MIC in June 2017, it is not possible to conclusively determine at this juncture whether foreign ownership of the BL Business by BL SPV is permitted subject only to MIC Endorsement being obtained for the investment activity of BL SPV and the Long Term Lease of the BL Land, or whether an MIC Permit is required for BL SPV's investment in the BL Business, and/or whether the BL Business may fall under one of the categories of JV Restricted Investments under the MIL and the MIL Rules.

Accordingly, BL SPV will continue to obtain the assignment of Economic Interests and grant of certain powers or authority over 100.0% of the shares of CIL at Restructuring Completion. The Completion of the BL APA, where there is acquisition of the BL Business and obtaining of the Long Term Lease of the BL Land by BL MM Co from CIL, shall be subject to obtaining the MIC Endorsement for the investment activity of BL SPV and the Long Term Lease of the BL Land or MIC Permit being obtained for BL SPV's investment in the BL Business (as the case may be), depending on the exact nature and the scope of the BL Business.

3.2 Update on Restructuring Completion

As at the date of this Announcement, the Company understands that MM Myanmar has issued 69,694,226 MM Myanmar Consideration Shares to the Vendors in the Relevant Proportion, as the Vendors have implemented certain steps in furtherance of the Restructuring, including entry of certain of the share purchase agreements ("**SPA**"), asset purchase agreements ("**APA**"), deeds of assignments ("**DOA**"), and powers of attorney ("**POA**"), required or relevant for the implementation of the Restructuring, pending further internal transfers of shares within the Asset Holding Companies.

The Company will make the appropriate announcements as and when there are material developments or updates in relation to the Restructuring Completion.

4. JMR DEED OF UNDERTAKING AND WARRANTY

Further, in fulfilment of one of the condition precedents under the Supplemental SPA, JMR has on 17 August 2017 entered into the JMR Deed of Undertaking and Warranty and pursuant to which, *inter alia*, JMR has acceded to and/or agreed to be bound by the Warrantors' Warranties and certain indemnities in relation to the HAL Business and DMC Business as set out under the RTO SPA, the Restricted Business Undertaking, ROFO Undertaking and Management Rights Opportunity Undertaking in favour of the Company, which the Corporate Vendor had agreed and undertaken to procure JMR to do under the terms of the Original SPA.

5. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Supplemental SPA and the Proposed Acquisition (where applicable), and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading (save that in respect of matters relating to the Vendors, JMR, the Target, the Target Group, the Restructuring, the Asset Holding Companies, the Registered Shareholders and the Target Businesses, such confirmation is given based on information available to the Company as at the date of this Announcement and is subject to further due diligence investigations and verification). Where information in this Announcement 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 Announcement in its proper form and context.

6. CIRCULAR AND DOCUMENTS AVAILABLE FOR INSPECTION

6.1 The Circular containing further information on, *inter alia*, the Proposed Acquisition and enclosing the notice of the EGM to seek approval of Shareholders of the Company for the Proposed RTO Transactions (in particular, the Proposed Share Consolidation, the Proposed Compliance Placement, the issue of new consolidated shares and the Proposed Whitewash Resolution) will be despatched by the Company to the Shareholders in due course.

6.2 A copy of the Original SPA and Supplemental SPA will be made available for inspection by the Shareholders during normal business hours at the registered office of the Company for a period of three (3) months from the date of this Announcement.

7. CAUTIONARY STATEMENT

Shareholders should note although the Supplemental SPA has been entered into, completion of the Proposed Acquisition is subject to conditions precedent being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the appropriate announcement(s) in relation to the Proposed Acquisition and Restructuring as and when there are material developments relating thereto, including providing regular updates on its progress in meeting key milestones of the Proposed Acquisition.

Shareholders are advised to exercise caution in dealings with the Shares. Shareholders are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Acquisition carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer

17 August 2017

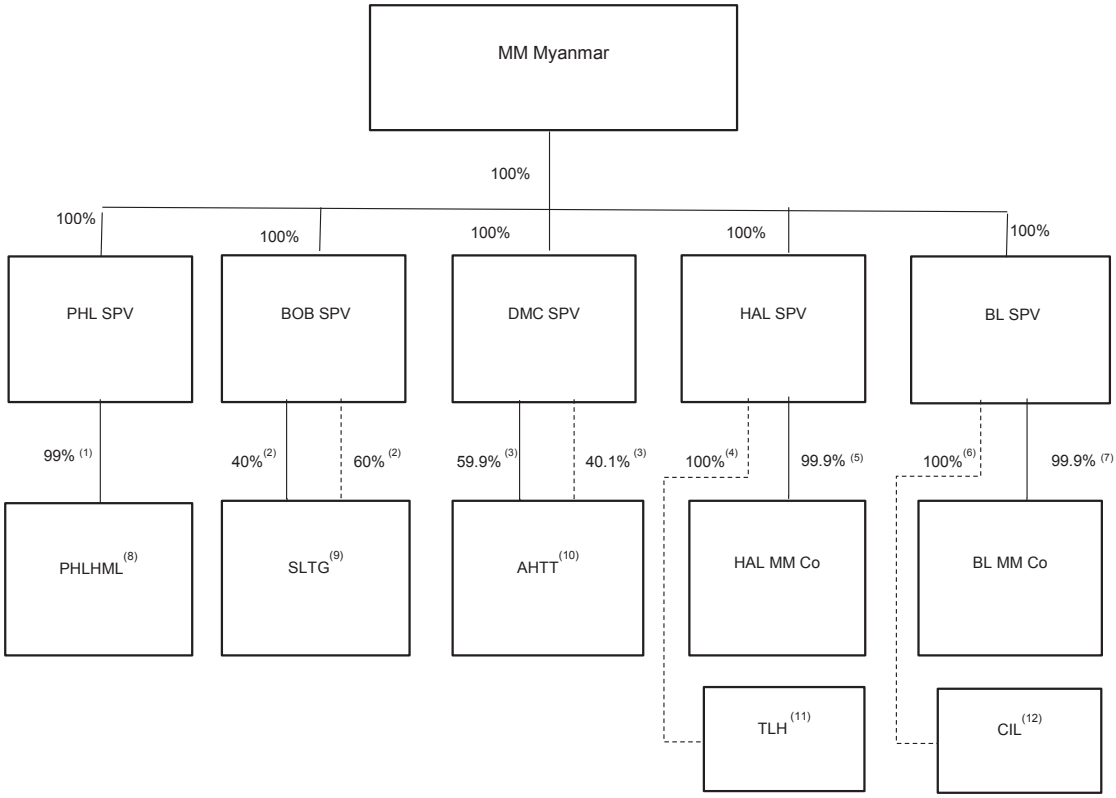
This announcement has been prepared by SHC Capital Asia Limited (the "**Company**") and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, 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).

ANNEX A

CORPORATE STRUCTURE OF THE TARGET GROUP AT THE RESTRUCTURING COMPLETION



Notes:

(1) The remaining 1.0% equity interest of the issued share capital of PHLHML is held directly by MM Myanmar.

(2) BOB SPV holds the legal and beneficial ownership of 40.0% of the issued share capital of SLTG and holds Economic Interests in respect of the remaining 60.0% of the issued share capital of SLTG and certain powers and authority over such shares.

(3) DMC SPV holds the legal and beneficial ownership of 59.9.% of the issued share capital of AHTT and holds Economic Interests in respect of the remaining 40.1% of the issued share capital of AHTT and certain powers and authority over such shares.

(4) HAL SPV holds Economic Interests in respect of the 100.0% issued share capital of TLH and certain powers of authority over such shares, pending Completion of the HAL APA. Pursuant to the HAL APA, HAL MM Co shall acquire the HAL Business and obtain the Long Term Lease in respect of the HAL Land.

(5) 0.1% of the issued share capital of HAL MM Co is held directly by MM Myanmar

(6) BL SPV holds Economic Interests in respect of the 100.0% issued share capital of CIL and certain powers of authority over such shares, pending Completion of the BL APA. Pursuant to the BL APA, BL MM Co shall acquire the BL Business and obtain the Long Term Lease in respect of the BL Land.

(7) 0.1% of the issued share capital of BL MM Co is held directly by MM Myanmar.

(8) The PHL Business, including the Long Term Lease of the PHL Land, is owned by PHLHML.

(9) The BOB Business (excluding the BOB Land which is used in connection with the BOB Business) is owned by SLTG.

(10) The DMC Business is owned by AHTT.

(11) The HAL Business, including the HAL Land, is owned by TLH.

(12) The BL Business, including the BL Land, is owned by CIL, and apart from that, the BOB Land, assuming the proper vesting of ownership rights and interests in the BOB Land in CIL in accordance with Applicable Laws.

APPENDIX G
ANNOUNCEMENT OF THE COMPANY DATED 29 SEPTEMBER 2017 IN RESPECT OF (I) AMENDMENT TO SUPPLEMENTAL SPA AND JMR DEED OF UNDERTAKING AND WARRANTY, AND (II) THE RECEIPT OF WHITEWASH WAIVER

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

PROPOSED ACQUISITION BY SHC CAPITAL ASIA LIMITED OF CERTAIN TOURISM RELATED BUSINESSES IN THE REPUBLIC OF THE UNION OF MYANMAR (THE "PROPOSED ACQUISITION") – (i) AMENDMENT TO SUPPLEMENTAL SPA AND JMR DEED OF UNDERTAKING AND WARRANTY; AND (ii) RECEIPT OF WHITEWASH WAIVER

Unless otherwise defined, capitalised terms used herein shall bear the meanings ascribed to them in the Company's announcements dated 24 October 2016, 22 December 2016, 24 December 2016, 21 June 2017, 30 June 2017, 17 August 2017 and 26 September 2017 in relation to the Proposed Acquisition ("**Announcements**").

1. INTRODUCTION

The Board of Directors (the "**Board**") of SHC Capital Asia Limited ("**Company**") refers to the Announcements in relation to the Proposed Acquisition.

2. AMENDMENT TO SUPPLEMENTAL SPA AND JMR DEED OF UNDERTAKING AND WARRANTY

2.1 The Board wishes to inform the Shareholders that the Company and the Vendors had on 29 September 2017 entered into an amendment letter to amend the Supplemental SPA ("**Second Supplemental SPA**"), such salient amendments are as set out below.

2.2 Under the Second Supplemental SPA, the Parties have agreed that the Long Stop Date for the fulfilment or waiver of the conditions precedent relating to the Proposed Acquisition will be extended from 30 September 2017 to 31 December 2017 and have made certain editorial amendments to the Supplemental SPA.

2.3 The Company has also agreed with JMR on certain amendments to the JMR Deed of Undertaking and Warranty with effect from 29 September 2017 ("**Supplemental JMR Deed of Undertaking and Warranty**"), including for JMR to warrant, represent and undertake that he shall not increase his percentage in the economic or ownership interests in the VL Business and the ACF Business without the approval of the new Audit Committee of the Company post-Completion of the Proposed Acquisition and certain editorial amendments to the JMR Deed of Undertaking and Warranty.

2.4 Save for the aforesaid amendments, the remaining terms of the Supplemental SPA and JMR Deed of Undertaking and Warranty remain unchanged.

3. RECEIPT OF WHITEWASH WAIVER

3.1 The Vendors have sought a waiver from the SIC of their obligation to make a general offer under Rule 14 of the Singapore Code on Take-overs and Mergers.

3.2 Further to the Announcements, the Board wishes to announce that the SIC had on 27 September 2017, granted the Vendors and Corporate Vendor Nominees a waiver from making a general offer for the Company under Rule 14 of the Code in the event the Vendors and Corporate Vendor

Nominees and their concert parties ("Vendors Concert Party Group") acquire more than the 30.0% of the total voting rights of the Company based on its enlarged issued capital as a result of the allotment and issue of the Consideration Shares to the Vendors and Corporate Vendor Nominees, subject to certain conditions:

(a) a majority of holders of voting rights of the Company approve at a general meeting, before the allotment and issue of the Consideration Shares, a resolution (the "Whitewash Resolution") by way of a poll to waive their rights to receive a general offer from the Vendors and Corporate Vendor Nominees;

(b) the Whitewash Resolution is separate from other resolutions;

(c) the Vendors Concert Party Group and parties not independent of them abstain from voting on the Whitewash Resolution;

(d) the Vendors Concert Party Group did not acquire or are not to acquire any shares or subscribe for, instruments convertible into or options in respect of new shares of the Company which have been disclosed in the Circular (as defined herein);

  (i) during the period between the first announcement of the Proposed Acquisition and the date Shareholders' approval is obtained for the Whitewash Resolution; and

  (ii) in the six (6) months prior to the first announcement of the Proposed Acquisition but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Proposed Acquisition;

(e) the Company appoints an independent financial adviser to advise its independent Shareholders on the Whitewash Resolution;

(f) the Company sets out clearly in the Circular to Shareholders:

  (i) details of the allotment and issue of the Consideration Shares for the Proposed Acquisition;

  (ii) the dilution effect to existing Shareholders upon the allotment and issue of the Consideration Shares to the Vendors and the Corporate Vendor Nominees;

  (iii) the number and percentage of voting rights in the Company, rights to subscribe for and options in respect of shares in the Company held by the Vendors Concert Party Group as at the latest practicable date;

  (iv) the number and percentage of voting rights to be issued to the Vendors and the Corporate Vendor Nominees as a result of the allotment and issue of Consideration Shares to the Vendors and the Corporate Vendor Nominees; and

  (v) specific and prominent reference to the fact that the allotment and issue of the Consideration Shares would result in the Vendors Concert Party Group holding Shares carrying over 49.0% of the voting rights of the Company, and the fact that the Vendors Concert Party Group would as a result be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer;

(vi) specific and prominent reference to the fact that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Vendors and the Corporate Vendor Nominees at the highest price paid by the Vendors Concert Party Group for Shares in the past six (6) months preceding the commencement of the offer;

(g) the Circular states that the Whitewash Waiver granted by the SIC to the Vendors and the Corporate Vendor Nominees from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated at (a) to (f) above;

(h) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and

(i) to rely on the Proposed Whitewash Resolution, the allotment and issue of the Consideration Shares to the Vendors and the Corporate Vendor Nominees must be completed within three (3) months of the approval of the Proposed Whitewash Resolution.

4. CAUTIONARY STATEMENT

A circular containing further information on, *inter alia*, the Proposed Acquisition, and the Proposed RTO Transactions ("**Circular**") enclosing the notice of the EGM to seek approval of the Shareholders will be despatched by the Company to the Shareholders in due course.

The Board would like to advise Shareholders and potential investors that completion of the Proposed Acquisition are subject to conditions precedents being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this Announcement.

Accordingly, Shareholders and potential investors are advised to exercise caution in dealings with the Shares. Shareholders and potential investors are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Acquisition carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer

29 September 2017

This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, 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).

APPENDIX H
ANNOUNCEMENT OF THE COMPANY DATED 17 NOVEMBER 2017 IN RESPECT OF THE MAJOR SHAREHOLDER MORATORIUM WAIVER

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

PROPOSED ACQUISITION BY SHC CAPITAL ASIA LIMITED OF CERTAIN TOURISM RELATED BUSINESSES IN THE REPUBLIC OF THE UNION OF MYANMAR (THE "PROPOSED ACQUISITION") – MAJOR SHAREHOLDER MORATORIUM WAIVER

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*Unless otherwise defined, capitalised terms used herein shall bear the meanings ascribed to them in the Company's announcements dated 24 October 2016, 22 December 2016, 24 December 2016, 21 June 2017, 17 August 2017, 26 September 2017 and 29 September 2017 in relation to the Proposed Acquisition ("**Announcements**").*

1. **INTRODUCTION**

The Board of Directors of SHC Capital Asia Limited ("**Company**") wishes to announce that the Company has, in connection with the Proposed Acquisition, on 17 November 2017, been granted the Major Shareholder Moratorium Waiver (as defined in Section 3 below) by Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), waiving the requirement for SHC Capital Holdings Pte Ltd (the "**Major Shareholder**") to give contractual undertakings to the sponsor to observe a moratorium on the transfer or disposal of all its shares in the capital of the Company following the completion of the Proposed Acquisition ("**Moratorium Requirements**").

Further details of the Major Shareholder Moratorium Waiver are set out in Section 3 below.

2. BACKGROUND

2.1 The Proposed Acquisition is a reverse takeover and subject to, *inter alia*, Rule 1015 of the Listing Manual, Section B: Rules of Catalist ("**Catalist Rules**").

2.2 Rule 1015(3)(b)(i) provides, *inter alia*, that the moratorium requirements to be observed on the transfer or disposal of securities of an issuer and the applicable period of moratorium, must be complied with by "*the persons who are existing controlling shareholders or who will become controlling shareholders of the issuer as a result of the asset acquisition*".

2.3 As at the date of this announcement, the Major Shareholder holds 249,639,317 ordinary shares in the capital of the Company ("**Shares**"), which represents approximately 81.6% of the total issued and paid up capital of the Company. The Major Shareholder is wholly owned by See Hoy Chan Holdings Pte Ltd ("**SHCPL**") which is a wholly-owned subsidiary of See Hoy Chan Sdn. Berhad ("**SHCSB**"). Mr Teo Soo Chew, Mr Teo Soo Kiat and Mr Teo Chiang Khai (collectively "**Messrs Teo**") are deemed to be interested in the shares held by the Major Shareholder in the Company, by virtue of their respective interests in SHCSB.

2.4 Accordingly, the Major Shareholder, SHCPL, SHCSB and Messrs Teo are the controlling shareholders of the Company as at the date of this announcement, although they will cease to be the controlling shareholders of the Company as a result of, and following the completion of the Proposed Acquisition.

3. MAJOR SHAREHOLDER MORATORIUM WAIVER

3.1 The Company had via its sponsor, PPCF, applied to the SGX-ST on 17 November 2017 for a waiver from the compliance with Rule 1015(3)(b)(i) of the Catalist Rules in relation to the

need for the Major Shareholder to comply or observe with the Moratorium Requirements in relation to all or any of the Shares held by the Major Shareholder as at the date of this announcement ("**Major Shareholder Moratorium Waiver**"), for the reasons as set out below:

(a) the Major Shareholder is not considered to be a promoter of the incoming business (being the Memories Group) under the Proposed Acquisition given that (i) the Major Shareholder currently does not have any interests in the incoming business; and (ii) is not involved in the day to day management and operations of the incoming business;

(b) the Major Shareholder is not considered an investor of the Memories Group as it has not acquired any securities of the Memories Group;

(c) Upon completion of the Proposed Acquisition, the Major Shareholder will cease to be a controlling shareholder of the Company and will not have any board representation on the Company or any of its subsidiaries, and will not have any significant influence on the management or operations of the Enlarged Group; and

(d) As YSIL, FMI, JMR and ACE PAO will provide moratorium undertakings to observe the relevant moratorium requirements, the rights of the public shareholders of the Company will accordingly be safeguarded.

3.2 The SGX-ST had on 17 November 2017 granted the Major Shareholder Moratorium Waiver, subject to the following conditions:

(a) an announcement of the waiver granted, stating the reasons for seeking the waiver and the conditions as per Rule 106 of the Catalist Rules;

(b) disclosure of the waiver granted and bases for seeking the waiver in the Circular; and

(c) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and its constituent documents.

4. CAUTIONARY STATEMENT

The Board would like to advise Shareholders and potential investors that Completion of the Proposed Acquisition are subject to conditions precedents being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this Announcement.

Accordingly, Shareholders and potential investors are advised to exercise caution in dealings with the Shares. Shareholders and potential investors are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Acquisition carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer
17 November 2017

This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist.

The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, 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).

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

PROPOSED ACQUISITION BY SHC CAPITAL ASIA LIMITED OF CERTAIN TOURISM RELATED BUSINESSES IN THE REPUBLIC OF THE UNION OF MYANMAR (THE "PROPOSED ACQUISITION") – ENTRY INTO AGREEMENTS

Unless otherwise defined, capitalised terms used herein shall bear the meanings ascribed to them in the Company's announcements dated 24 October 2016, 22 December 2016, 24 December 2016, 21 June 2017, 17 August 2017, 26 September 2017 and 29 September 2017 in relation to the Proposed Acquisition ("**Announcements**").

1. INTRODUCTION

The Board of Directors of SHC Capital Asia Limited ("**Company**") refers to the Announcements relating to the Proposed Acquisition.

2. BUYBACK UNDERTAKINGS

2.1. The Board of Directors of the Company wishes to inform the Shareholders that the Company has, as of 20 November 2017, entered into the Buyback Undertakings with YSIL, FMI, the Corporate Vendor and JMR (collectively, the "**Buyback Vendors**").

2.2. Potential Buyback Events

HAL Business

(a) Since Completion of the HAL APA will not take place at the Restructuring Completion, the Company, the Corporate Vendor and JMR has entered into the Buyback Undertaking (HAL Business) pursuant to which the Company, the Corporate Vendor and JMR will undertake the following:

(i) if at any time within the period of three (3) years following the completion of the Proposed Acquisition, a Final Ruling (as defined below) is made by the MIC to reject the application for MIC Endorsement for the investment activity of HAL SPV and the Long Term Lease of the HAL Land in favour of HAL MM Co; or

(ii) if at the end of three (3) years following the completion of the Proposed Acquisition, the MIC Endorsement being obtained for the investment activity of HAL SPV and the Long Term Lease of the HAL Land in favour of HAL MM Co has not been obtained,

the Company will take steps to effect the Potential Buyback (as defined below) of the HAL Business, as further elaborated in Section 2.3 below.

BL Business

(a) Since Completion of the BL APA will not take place at the Restructuring Completion, the Company, YSIL and FMI has entered into the Buyback Undertaking (BOB Business and BL Business) pursuant to which the Company, YSIL and FMI will undertake, *inter alia*, the following:

(i) if at any time within the period of three (3) years following the completion of the Proposed Acquisition, a Final Ruling is made by the relevant authorities that the BL Land has been demarcated as a heritage site and is otherwise not permitted or approved for any commercial development;

(ii) if at any time within the period of three (3) years following the completion of the Proposed Acquisition, a Final Ruling is made by the MIC to reject the application for MIC Endorsement or MIC Permit (as applicable) for the Long Term Lease of the BL Land or otherwise to deny BL MM Co the right to hold or be granted a Long Term Lease of the BL Land; or

(iii) at the end of three (3) years following the completion of the Proposed Acquisition, either the MIC Endorsement or MIC Permit (as applicable) for the Long Term Lease of the BL Land in favour of BL MM Co has not been obtained, or BL MM Co has otherwise not obtained all relevant approvals as required under the prevailing laws to allow it to hold or be granted a Long Term Lease of the BL Land,

the Company will take steps to effect the Potential Buyback (as defined below) of the BL Business, as further elaborated in Section 2.3 below.

BOB Business

The BOB Business is considered as domestic air transport and pursuant to the MIL Rules and the Restricted List, the approval of the MOTC is required for an investment in the BOB Business.

In the case of SLTG, MOTC approval was not sought for BOB SPV's acquisition of the 40% of the issued shares of SLTG in the light of the MIC's indication that such approval was not required in the process of obtaining the MIC'S endorsement for the transfer of shares of SLTG to BOB SPV and it is not certain if MOTC may raise any objections in relation to BOB SPV's investment in SLTG in the course of SLTG seeking renewal of its Air Operator Certificate which is due to expire on 30 October 2018.

Accordingly, the Company, YSIL and FMI has entered into the Buyback Undertaking (BOB Business and BL Business) pursuant to which the Company, YSIL and FMI undertake that if at any time on or prior to 31 December 2018, BOB SPV is required to reduce its ownership of shares in SLTG to below a 40% shareholding percentage as a condition or requirement of, or otherwise in connection with, the obtaining, renewing or maintaining the Air Operator Certificates, the Tour Operation Enterprise Licence and Tourist Transport Business Licence for the purposes of the BOB Business, the Company will take steps to effect the Potential Buyback of the BOB Business, as further elaborated in Section 2.3 below.

For the purposes of this Section 2:

"**Potential Buyback**" means, where applicable, a buyback of the HAL Business, BL Business and/or the BOB Business by the relevant Buyback Vendors upon the occurrence of a Potential Buyback Event.

"**Potential Buyback Event**" means, the occurrence of any of the following events in relation to the HAL Business, the BL Business and/or the BOB Business (as the case may be) as set out in this Section 2.2, and pursuant to which the Company is required to take steps to effect a Potential Buyback of such business to the relevant Buyback Vendors, in the manner as further elaborated in Section 2.3 below.

For purposes of the foregoing in respect of the HAL Business and the BL Business, a "Final Ruling" is deemed to have been made only if in the reasonable opinion of the new Board of Directors of the Company post-Completion of the Proposed Acquisition ("**New Board**"):

(a) a final ruling, determination or finding has been made by the relevant authorities from which there are no other or further appeals that may be made, either within the same ministry or agency or other relevant authority, or any other ministry, agency or relevant authority; and

(b) there are no other methods, avenues or recourse of overruling, re-interpreting or bypassing or otherwise supplementing varying or modifying any ruling, determination or finding referred to in (a) above, including through re-submission, amendment or modification of any applications previously submitted.

In forming its view as aforesaid, the New Board is entitled to seek and rely on such legal and other professional expert advice as they deem fit or appropriate, and any Director who is interested in the Potential Buyback (whether directly or through his associates) shall recuse himself from any deliberations or decision in relation thereto.

2.3. Potential Buyback Terms

Further to the Buyback Undertakings, the relevant Buyback Vendors agreed that in the event of the occurrence of a Potential Buyback Event in relation to any of the BOB Business, the HAL Business and/or the BL Business (as the case may be), the relevant company within the Enlarged Group that owns such Memories Business will, subject to compliance with the provisions of the Buyback Undertakings, effect a disposal of such relevant Memories Business to which the Potential Buyback Event applies back to the relevant Buyback Vendor for cash ("**Potential Buyback**").

The cash consideration ("**Buyback Consideration**") payable by the relevant Buyback Vendor for the Potential Buyback of the BOB Business, the HAL Business and/or the BL Business (as the case may be) shall be the same dollar amount paid by the Company for such relevant Memories Business pursuant to the Proposed Acquisition.

Each Potential Buyback of the relevant Memories Business will be treated as an interested person transaction and subject to all the requirements as set out under Chapter 9 of the Catalist Rules (including the seeking of an independent financial adviser's opinion in relation to the terms of the Potential Buyback), regardless of the value of such transaction and whether the materiality thresholds under Chapter 9 of the Catalist Rules are breached.

The New Board shall procure the necessary steps to be taken to convene an extraordinary general meeting ("**Potential Buyback EGM**") of the Company to seek independent shareholders' approval in relation to the Potential Buyback of the relevant Memories Business, and all of the Vendors, the Buyback Vendors and their respective associates shall abstain from voting at the Potential Buyback EGM.

Upon the approval of the Potential Buyback of the relevant Memories Business at the Potential Buyback EGM, the relevant Buyback Vendor shall be irrevocably and unconditionally obliged to, and shall forthwith take all such steps necessary or relevant for purposes of completing the purchase of the relevant Memories Business which is the subject of the Potential Buyback at the relevant Buyback Consideration.

Further details on the Buyback Undertakings will be provided in the Circular.

3. CAUTIONARY STATEMENT

The Board would like to advise Shareholders and potential investors that Completion of the Proposed Acquisition are subject to conditions precedents being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this Announcement.

Accordingly, Shareholders and potential investors are advised to exercise caution in dealings with the Shares. Shareholders and potential investors are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Acquisition carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer

20 November 2017

This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, 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).

APPENDIX J
ANNOUNCEMENT OF THE COMPANY DATED 20 NOVEMBER 2017 IN RESPECT OF THE DESPATCH OF THE CIRCULAR

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

PROPOSED ACQUISITION BY SHC CAPITAL ASIA LIMITED OF CERTAIN TOURISM RELATED BUSINESSES IN THE REPUBLIC OF THE UNION OF MYANMAR (THE "PROPOSED ACQUISITION") – LODGEMENT AND DESPATCH OF CIRCULAR

Unless otherwise defined, capitalised terms used herein shall bear the meanings ascribed to them in the Company's announcements dated 24 October 2016, 22 December 2016, 24 December 2016, 21 June 2017, 17 August 2017, 26 September 2017, 29 September 2017, 17 November 2017 and 20 November 2017 in relation to the Proposed Acquisition ("**Announcements**").

1. INTRODUCTION

The Board of Directors of SHC Capital Asia Limited ("**Company**") refers to the Announcements relating to the Proposed Acquisition.

2. LODGEMENT AND DESPATCH OF CIRCULAR

2.1 The Board wishes to announce that the Company has on 20 November 2017 lodged a circular dated 20 November 2017 ("**Circular**"), containing information on, *inter alia*, the Proposed Acquisition, with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore, and enclosing the notice of the extraordinary general meeting ("**EGM**") to be convened to seek Shareholders' approval for, *inter alia*, the Proposed Acquisition.

2.2 An electronic copy of the Circular and the Notice of EGM is available for viewing by Shareholders on the on the SGX-ST's website at http://www.sgx.com commencing from 20 November 2017 , and physical copies of the Circular will be despatched to Shareholders within the requisite notice period required under the Constitution of the Company and the Catalist Rules. Shareholders who do not receive a copy of the Circular prior to the date of the EGM may write in to the Company or the Share Registrar to request for a copy of the Circular at the following address:

Company: 302 Orchard Road #10-01, Singapore 238862

Share Registrar: 80 Robinson Road #11-02, Singapore 068898

2.3 Shareholders are requested to note the following important dates and times in respect of the EGM:

Last date and time for lodgement of proxy form	:	16 December 2017 at 2.30 p.m.,
Date and time of EGM	:	18 December 2017 at 2.30 p.m.
Place of EGM	:	442 Orchard Road, Level 3 Orchard Ballroom 3, Singapore 238879

3. CAUTIONARY STATEMENT

The Board would like to advise Shareholders and potential investors that Completion of the Proposed Acquisition are subject to conditions precedents being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this Announcement.

Accordingly, Shareholders and potential investors are advised to exercise caution in dealings with the Shares. Shareholders and potential investors are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Acquisition carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer

20 November 2017

This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. ("Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

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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).

APPENDIX K
ANNOUNCEMENT OF THE COMPANY DATED 20 NOVEMBER 2017 IN RESPECT OF THE RECEIPT OF THE LISTING & QUOTATION NOTICE IN RESPECT OF, INTER ALIA, THE PLACEMENT SHARES

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

PROPOSED ACQUISITION BY SHC CAPITAL ASIA LIMITED OF CERTAIN TOURISM RELATED BUSINESSES IN THE REPUBLIC OF THE UNION OF MYANMAR (THE "PROPOSED ACQUISITION") – ENTRY INTO AGREEMENTS

Unless otherwise defined, capitalised terms used herein shall bear the meanings ascribed to them in the Company's circular dated 20 November 2017 ("**Circular**").

1. INTRODUCTION

The Board of Director (the "**Board**") of SHC Capital Asia Limited ("**Company**") refers to the announcements dated 24 October 2016, 22 December 2016, 24 December 2016, 21 June 2017, 17 August 2017, 26 September 2017, 29 September 2017 and 20 November 2017 in relation to the Proposed Acquisition ("**Announcements**") and the lodgement and despatch of the Circular.

2. LISTING AND QUOTATION NOTICE

2.1. The Board wishes to inform the Shareholders that the Company had, on 20 November 2017, made an application to the SGX-ST for the listing and quotation of the following on the Catalist:

(a) 43,711,798 Consolidated Shares to be allotted and issued, pursuant to the Proposed Share Consolidation;

(b) 264,997,065 Consideration Shares at an issue price of S$0.263 each to be allotted and issued in satisfaction of the consideration for the Proposed Acquisition;

(c) up to 93,000,000 Company Placement Shares at an issue price to be determined by the Company in consultation with the Sponsor and Financial Adviser and the Placement Agent pursuant to the Proposed Compliance Placement; and

(d) new Shares to be issued pursuant to the vesting of the Awards to be granted under the Memories PSP,

(collectively, the "**Proposed Share Issuance Transactions**").

2.2. The Board wishes to announce that it had, on 20 November 2017, received the listing and quotation notice ("**LQN**") from the SGX-ST in respect of the Proposed Share Issuance Transactions, subject to:

(a) compliance with the Catalist Rules;

(b) Shareholders' approval being obtained for Proposed Share Issuance Transactions;

(c) submission of the section pertaining to additional listing of securities in Part I of the Listing Confirmation under Appendix 10A upon lodgement of the offer information statement to be issued in connection with the Proposed Compliance Placement;

(d) Completion of the Proposed Acquisition; and

(e) written undertaking from each of the Company's directors and executive directors in the form set out in Appendix 7H of the Catalist Rules and an undertaking from the Company in the form set out in Appendix I to procure the same written undertaking from any newly appointed director or executive officer after the Company's listing.

2.3. It is disclosed in the Circular that the Company will be undertaking the Proposed Compliance Placement to comply with the public float requirement under Rule 406(1) of the Catalist Rules. It is indicated in the LQN that the Company should make efforts to ensure that the Proposed Compliance Placement is completed as soon as possible with a view to satisfy the public float requirement under Rule 406(1) of the Catalist Rules. The Company is required to disclose prominently in the Circular the tentative dates of the suspension. Shareholders should be alerted of this suspension and can exit if they choose to do so. The period of the respective moratorium arrangements disclosed in the Circular shall commence form the date of commencement of trading of the Company's shares after the Proposed Compliance Placement has been completed.

2.4. Please note that the LQN is not an indication of the merits of the Company, its subsidiaries, the Proposed Share Issuance Transactions and the Shares.

2.5. The LQN is valid for three (3) calendar months from the date of the LQN and is subject to any changes to the SGX-ST's policies and/or listing requirements. The SGX-ST reserves the right to (i) impose further terms and conditions; or (ii) withdraw or amend the LQN at any time, in its sole and absolute discretion without giving any reasons for its decisions. The SGX-ST shall not be liable for any damages or losses howsoever arising as a result of such withdrawal or amendment.

3. CAUTIONARY STATEMENT

The Board would like to advise Shareholders and potential investors that Completion of the Proposed Acquisition are subject to conditions precedents being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this Announcement.

Accordingly, Shareholders and potential investors are advised to exercise caution in dealings with the Shares. Shareholders and potential investors are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Acquisition carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer

20 November 2017

This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, 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).

APPENDIX L
ANNOUNCEMENT OF THE COMPANY DATED 18 DECEMBER 2017 IN RESPECT OF THE RESULTS OF THE EXTRAORDINARY GENERAL MEETING

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

RESULTS OF EXTRAORDINARY GENERAL MEETING HELD ON 18 DECEMBER 2017

Unless otherwise defined, all capitalized terms used herein shall bear the same meanings as ascribed to them in the circular to shareholders of SHC Capital Asia Limited (the "**Company**") dated 20 November 2017 (the "**Circular**").

The Board of Directors (the "**Board**") of the Company is pleased to announce in accordance with Rule 704(15) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist, that at the Extraordinary General Meeting ("**EGM**") of the Company held on 18 December 2017, the resolutions relating to the matters as set out in the Notice of EGM dated 20 November 2017 were duly approved and passed by shareholders on a poll.

The poll result on the resolutions put to vote at the EGM is as follows:-

Resolution number and details	Total number of shares represented by votes for and against the resolution	For		Against	
		Number of Shares	As a percentage of total number of votes for and against the resolution %	Number of Shares	As a percentage of total number of votes for and against the resolution %
Ordinary Resolution 1 The Proposed Acquisition of 100% equity interests in MM Myanmar Pte. Ltd. from Yoma Strategic Investments Ltd., First Myanmar Investment Company Limited and Exemplary Ventures Limited	253,115,017	253,115,017	100	0	0
Ordinary Resolution 2 The Proposed Share Consolidation of every seven (7) Pre-Consolidated Shares into one (1) Consolidated Share (fractional entitlements to be disregarded)	253,115,017	253,115,017	100	0	0
Ordinary Resolution 3	253,115,017	253,115,017	100	0	0

Resolution number and details	Total number of shares represented by votes for and against the resolution	For		Against	
		Number of Shares	As a percentage of total number of votes for and against the resolution %	Number of Shares	As a percentage of total number of votes for and against the resolution %
The Proposed Allotment and Issue of 264,997,065 Consideration Shares pursuant to the Proposed Acquisition					
Ordinary Resolution 4 The Proposed Allotment and Issue of up to 93,000,000 Company Placement Shares pursuant to the Proposed Compliance Placement	253,115,017	253,115,017	100	0	0
Ordinary Resolution 5 The Proposed Whitewash Resolution for the waiver of the right of Independent Shareholders (being Shareholders other than the Vendors Concert Party Group) to receive a mandatory general offer for all the issued shares in the capital of the Company not already owned, controlled or agreed to be acquired by the Vendors Concert Party Group	253,115,017	253,115,017	100	0	0
Ordinary Resolution 6 The Proposed IPT Mandate	253,115,017	253,115,017	100	0	0
Ordinary Resolution 7 The proposed appointment of Serge Pun @ Theim	253,115,017	253,115,017	100	0	0

Resolution number and details	Total number of shares represented by votes for and against the resolution	For		Against	
		Number of Shares	As a percentage of total number of votes for and against the resolution %	Number of Shares	As a percentage of total number of votes for and against the resolution %
Wai as a Director to the New Board					
Ordinary Resolution 8 The proposed appointment of Georges Michel Novatin as a Director to the New Board	253,115,017	253,115,017	100	0	0
Ordinary Resolution 9 The proposed appointment of Tun Tun as a Director to the New Board	253,095,017	253,095,017	100	0	0
Ordinary Resolution 10 The proposed appointment of Basil Chan as a Director to the New Board	253,115,017	253,115,017	100	0	0
Ordinary Resolution 11 The proposed appointment of Robin Lee Chye Beng as a Director to the New Board	253,088,017	253,088,017	100	0	0
Ordinary Resolution 12 The proposed appointment of Judy Chan as a Director to the New Board	253,115,017	253,115,017	100	0	0
Ordinary Resolution 13 The Proposed Share Issue Mandate	253,118,517	253,082, 517	99.9858	36,000	0.0142
Ordinary Resolution 14 The Proposed Adoption of the Memories PSP	253,118,517	253,082, 517	99.9858	36,000	0.0142

Resolution number and details	Total number of shares represented by votes for and against the resolution	For		Against	
		Number of Shares	As a percentage of total number of votes for and against the resolution %	Number of Shares	As a percentage of total number of votes for and against the resolution %
Ordinary Resolution 15 The Proposed Change of Independent Auditor	253,118,517	253,118,517	100	0	0
Ordinary Resolution 16 The Proposed Payment of Directors' Fees to Existing Board	253,113,517	253,110,017	99.9986	3,500	0.0014
Special Resolution 1 The Proposed Change of Name of the Company from "SHC Capital Asia Limited" to "Memories Group Limited"	253,081,517	253,081,517	100	0	0

Abstentions

None of the Vendors Concert Party Group and parties not independent of them held any Shares on the date of the EGM, and accordingly they were not entitled to vote in respect of Ordinary Resolution 5 relating to the Proposed Whitewash Resolution at the EGM. The aforementioned persons have also not accepted appointments as proxies for voting on Ordinary Resolution 5.

None of the interested persons under the Proposed IPT Mandate or their Associates held any Shares on the date of EGM, and accordingly such interested persons and their Associates were not entitled to vote in respect of Ordinary Resolution 6 relating to the Proposed IPT Mandate at the EGM. The aforementioned persons have also not accepted appointments as proxies for voting on Ordinary Resolution 6.

None of the Shareholders who are entitled to participate in the Memories PSP held any Shares on the date of the EGM, and accordingly they were not entitled to vote in respect of Ordinary Resolution 14 relating to the Proposed Adoption of the Memories PSP at the EGM. The aforementioned persons have also not accepted appointments as proxies for voting on Ordinary Resolution 14.

Scrutineer

Associates Corporate Services Pte. Ltd. was appointed as scrutineer for the EGM.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer

18 December 2017

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

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, 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).

APPENDIX M
ANNOUNCEMENT OF THE COMPANY DATED 26 DECEMBER 2017 IN RESPECT OF THE UPDATES ON CONDITIONS PRECEDENT

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

PROPOSED ACQUISITION BY SHC CAPITAL ASIA LIMITED OF CERTAIN TOURISM RELATED BUSINESSES IN THE REPUBLIC OF THE UNION OF MYANMAR (THE "PROPOSED ACQUISITION") –

UPDATES ON CONDITIONS PRECEDENT

Unless otherwise defined, all capitalized terms used herein shall bear the same meanings as ascribed to them in the circular to shareholders of SHC Capital Asia Limited (the "**Company**") dated 20 November 2017 (the "**Circular**").

1. INTRODUCTION

The Board of Directors of the Company (the "**Board**") refers to the announcements dated 24 October 2016, 14 December 2016, 22 December 2016, 24 December 2016, 21 June 2017, 17 August 2017, 26 September 2017, 29 September 2017, 17 November 2017, 20 November 2017, 13 December 2017, 18 December 2017 and 22 December 2017 in relation to the Proposed Acquisition ("**Announcements**") and the Circular.

2. UPDATES ON CONDITIONS PRECEDENT

2.1 Further to the Announcements and Circular, the Board wishes to provide updates on certain approvals or permits matters which were expected to have been obtained on or prior to Completion of the Proposed Acquisition, but which have not been fully addressed or resolved as at the date of this announcement, for reasons as elaborated below:

2.2 Amended BOB MIC Endorsement

As described in Section 15.5 of Part B of the Circular, the First BOB MIC Endorsement is to be amended by a further approval from the MIC, acknowledging BOB SPV as a foreign investor of 40.0% of SLTG, and the Amended BOB MIC Endorsement was expected to have been obtained prior to Completion of the Proposed Acquisition.

SLTG has been advised that the MIC would prefer to wait for the promulgation or enactment of the forthcoming official notification(s) that may amend or supplement the existing restricted sector list by setting out joint venture thresholds and other conditions proposed by relevant Ministries before issuing the Amended BOB MIC Endorsement to SLTG. No such notification(s) has been issued as at the date of this announcement, and accordingly, SLTG does not expect to receive the Amended BOB MIC Endorsement by Completion of the Proposed Acquisition. Notwithstanding the foregoing, 40.0% share interests in SLTG has been transferred to BOB SPV and registered with DICA and DICA has issued the Certificate of Registration of Documents dated 23 August 2017, which is evidence of the due filing and registration of the share transfer with the DICA. Save for the aforesaid, there are no other unresolved or outstanding actions, conditions or requirements imposed by the MIC on, or communicated to, SLTG or BOB SPV in respect of the application for the Amended BOB MIC Endorsement, and the Proposed Directors are not aware of any circumstances which indicate that SLTG will not obtain the Amended BOB MIC Endorsement in due course. Further, the Proposed Directors are of the reasonable opinion that based on local practice, the continued operation of the business by SLTG while the application for Amended BOB MIC Endorsement is being processed is not likely to result in any enforcement action against SLTG with a material adverse impact on the operations and business of SLTG.

Having considered the aforementioned mitigating factors, the Company has decided to waive this condition precedent to obtain the Amended BOB MIC Endorsement prior to the Completion of the Proposed Acquisition.

2.3 MOHT Construction Permission and YCDC Construction Permit

As described in Section 15.5 of Part B of the Circular, PHLHML had earlier applied for the issuance of the MOHT Construction Permission and the YCDC Construction Permit from the relevant authorities, and was expecting such construction permit and construction permission to be obtained by Completion of the Proposed Acquisition.

As at the date of this announcement, the applications for the MOHT Construction Permission and the YCDC Construction Permit are still being processed by the relevant authorities, and may not be approved in time by the Completion of the Proposed Acquisition.

The MOHT Construction Permission and the YCDC Construction Permit are required for construction of the Pun Hlaing Lodge, and construction has been put on hold pending the obtaining of such construction permit and construction permission.

The relevant authorities have not given any indication of any intention to reject the grant of the MOHT Construction Permission or the YCDC Construction Permit, and the Proposed Directors are not aware of any circumstances which indicate that PHLHML will not obtain the MOHT Construction Permission and YCDC Construction Permit in due course.

Having considered the aforementioned mitigating factors, the Company has decided to waive this condition precedent to obtain the MOHT Construction Permission and YCDC Construction Permit prior to the Completion of the Proposed Acquisition.

3. COMPLETION

Following the waiver of the conditions precedent as set out in Section 2.2 and 2.3 and the fulfilment of the remaining conditions precedent set out in the RTO SPA, the Company has proceeded with the Completion of the Proposed Acquisition on 26 December 2017. Shareholders may wish to refer to the Company's announcement dated 26 December 2017 entitled "Completion of the Proposed Acquisition" for further details on the Completion of the Proposed Acquisition.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer

26 December 2017

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

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, 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).

APPENDIX N
ANNOUNCEMENT OF THE COMPANY DATED 26 DECEMBER 2017 IN RESPECT OF THE COMPLETION OF THE ACQUISITION

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

PROPOSED ACQUISITION BY SHC CAPITAL ASIA LIMITED OF CERTAIN TOURISM RELATED BUSINESSES IN THE REPUBLIC OF THE UNION OF MYANMAR (THE "PROPOSED ACQUISITION") –

COMPLETION OF THE PROPOSED ACQUISITION

Unless otherwise defined, all capitalized terms used herein shall bear the same meanings as ascribed to them in the circular to shareholders of SHC Capital Asia Limited (the "**Company**") dated 20 November 2017 (the "**Circular**").

1. INTRODUCTION

The Board of Directors of the Company (the "**Board**") refers to the announcements dated 24 October 2016, 14 December 2016, 22 December 2016, 24 December 2016, 21 June 2017, 17 August 2017, 26 September 2017, 29 September 2017, 17 November 2017, 20 November 2017, 13 December 2017 and 18 December 2017 in relation to the Proposed Acquisition ("**Announcements**") and the Circular.

2. COMPLETION OF PROPOSED SHARE CONSOLIDATION

Further to the Announcements and the Circular, the Board wishes to announce that the Proposed Share Consolidation has become effective with effect from 9.00 a.m. today and every seven (7) existing Pre-Consolidated Shares have been consolidated into one (1) new Consolidated Share ("**Share Consolidation**"). Fractional entitlements have been disregarded.

The Register of Members of the Company and the Depository Register have been updated to reflect the number of Consolidated Shares held by Shareholders based on the number of Existing Shares held by them as at the Books Closure Date. Shareholders should note that, after disregarding any fractions of Consolidated Shares arising from the Share Consolidation, the Company has in total 43,710,117 Consolidated Shares in issue immediately following the Share Consolidation.

Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 100 Consolidated Share.

Shareholders who have received odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the Singapore Exchange Securities Trading Limited ("**SGX-ST**")should note that odd lots Consolidated Shares can be traded on the unit share market which would allow trading in odd lots with a minimum size of one (1) Consolidated Share.

3. ALLOCATION OF NEW SGX-ST STOCK CODE

The Board also wishes to announce that the SGX-ST has, in accordance with its practice, delisted the Company's existing stock code – 5UE – and issued a new, randomly generated stock code to the Company – 1H4. All Consolidated Shares in the Company have been debited from the old stock code and credited to the new stock code.

4. COMPLETION OF THE PROPOSED ACQUISTION

4.1 The Board also wishes to announce that the Company has, on 26 December 2017, following the fulfilment and/or waiver of the Conditions Precedent set out in the RTO SPA, successfully completed the Proposed Acquisition. Shareholders may wish to refer to the Company's announcement dated 26 December 2017 entitled "Updates on the Proposed Acquisition" for details on certain matters described in the Circular and the waiver of fulfilment and/or waiver of the Conditions Precedent set out in the RTO SPA.

4.2 Following the completion of the Proposed Acquisition:

(a) the Company has acquired from the Vendors, all of the issued and paid-up shares of MM Myanmar Pte. Ltd.;

(b) 167,078,848 Consolidated Shares were allotted and issued by the Company, as Consideration Shares, at S$0.263 per Consolidated Share to YSIL;

(c) 41,947,426 Consolidated Shares were allotted and issued by the Company, as Consideration Shares, at S$0.263 per Consolidated Share to FMI;

(d) 14,839,271 Consolidated Shares were allotted and issued by the Company, as Consideration Shares, at S$0.263 per Consolidated Share to JMR;

(e) 41,131,520 Consolidated Shares were allotted and issued by the Company, as Consideration Shares, at S$0.263 per Consolidated Share to ACE PAO; and

Following the allotment and issuance of the Consideration Shares, the total issued and paid-up share capital of the Company has increased from 43,710,117 Consolidated Shares (after disregarding any fractions of Consolidated Shares arising from the Share Consolidation) to 308,707,182 Consolidated Shares, being the enlarged issued and paid-up share capital of the Company after the completion of the Proposed Acquisition.

5. RELEASE OF ESCROW AMOUNT

5.1 Following the Company's disposal of the entire issued and paid-up share capital of its wholly owned subsidiary, SHC Insurance Pte. Ltd. on 1 August 2014 ("**Disposal**"), and in accordance with Rule 1017(1)(a) of the Catalist Rules, the Company had placed 90% of its cash and short-dated securities in the escrow account ("**Escrow Account**") opened with and operated by United Overseas Bank Limited ("**UOB**") acting as the escrow agent. As at the date of this announcement, the Company holds approximately S$1.6 million ("**Escrow Amount**") in the Escrow Account.

5.2 Following Completion of the Proposed Acquisition, the Escrow Amount will be released into the Company's current account and the Escrow Account with UOB will be closed on 27 December 2017.

6. CHANGE OF NAME

6.1 The Company had on 26 December 2017 lodged the requisite notification with ACRA relating to its Proposed Change of Name. Following receipt of a certificate on the change of name to the Company from ACRA, the Company's name has been changed from "SHC Capital Asia Limited" to "Memories Group Limited" with effect from 26 December 2017.

6.2 The change of the Company's trading counter name on SGX-ST from "SHC Capital Asia" to "Memories" is expected to take effect at 9.00 a.m. on 5 January 2018.

7. BOARD COMPOSITION

7.1 Following the Completion of the Proposed Acquisition, the Board wishes to announce the following changes to the composition of the Board with effect from 26 December 2017:

(a) all the Existing Directors have resigned;

(b) all members of the New Board, comprising Mr Serge Pun as Executive Chairman, Mr Michel Novatin as Executive Director and Chief Executive Officer, Mr Tun Tun as Non-Executive Director, Mr Basil Chan as the Lead Independent Director, Mr Robin C. Lee and Ms Judy Chan as Independent Directors of the Company, have been appointed;

(c) the New Audit Committee of the New Board comprises Mr Basil Chan, Mr Robin C. Lee and Mr Tun Tun. The chairman of the New Audit Committee is Mr Basil Chan;

(d) the New Nominating Committee of the New Board comprises Mr Basil Chan, Mr Robin C. Lee and Mr Serge Pun. The chairman of the New Nominating Committee is Mr Basil Chan; and

(e) the New Remuneration Committee of the New Board comprises Mr Robin C. Lee, Ms Judy Chan and Mr Basil Chan. The chairman of the New Remuneration Committee is Mr Robin C. Lee.

7.2 The New Board wishes to record its deepest thanks and appreciation for the invaluable service and contribution that Mr Teo Soo Kiat, Mr Teo Soo Chew, Mr Teo Chiang Khai, Mr Teo Hsi Leang, Mr Ng Fook Ai, Victor and Mr Teo Eu Jin, Nicholas have provided to the Company.

7.3 Further particulars of the appointment and resignation of Directors required under the Catalist Rules are contained in separate announcements released by the Company on 26 December 2017.

8. LISTING AND QUOTATION

8.1 The Company had, on 20 November 2017, received the listing and quotation notice from the SGX-ST in respect of the listing of and quotation for the Consolidated Shares, the Consideration Shares and the Placement Shares on Catalist and as at the date of this Announcement, such listing and quotation notice has not been revoked or amended.

8.2 The listing and quotation notice from the SGX-ST is not an indication of the merits of the Company, its subsidiaries, the Proposed Compliance Placement, the Consolidated Shares, the Consideration Shares and the Placement Shares.

9. NEW PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE AFTER COMPLETION OF THE PROPOSED ACQUISITION

9.1 The Board wishes to announce that the new principal place of business of the Enlarged Group shall be at The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate Hlaing, Thayar Township, Yangon 11401, Myanmar.

9.2 The registered office of the Company will be 78 Shenton Way, #32-00, Singapore 079120.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer

26 December 2017

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

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, 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).

CIRCULAR TO SHAREHOLDERS
DATED 20 NOVEMBER 2017



CIRCULAR DATED 20 NOVEMBER 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings as defined in this Circular.

If you have sold or transferred all your ordinary shares ("**Shares**") in the capital of SHC Capital Asia Limited (the "**Company**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should immediately forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

Neither the Monetary Authority of Singapore ("Authority") nor the Singapore Exchange Securities Trading Limited ("SGX-ST") has examined or approved the contents of this Circular. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Circular, including the correctness of any statements or opinions made or reports contained in this Circular. Neither the Authority nor the SGX-ST has in any way considered the merits of the shares or units of shares being offered for investment. The lodgement of this Circular by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the Securities and Futures Act (Chapter 289) of Singapore ("SFA"), or any other legal or regulatory requirements, or requirements under the Catalist Rules (as defined herein), have been complied with.

The Company is a sponsored company listed on Catalist board of the SGX-ST ("**Catalist**"). Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Mainboard of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the Shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional advisers.

An application has been made to the SGX-ST for permission for the listing and quotation of the Consolidated Shares, the Consideration Shares, the Company Placement Shares and the Performance Shares on Catalist. The listing and quotation notice of the Consolidated Shares, the Consideration Shares, the Company Placement Shares and the Performance Shares, if issued by the SGX-ST, is not to be taken as an indication of the merits of the Proposed Transactions, the Company, the Memories Group, the Enlarged Group, the Consolidated Shares, the Consideration Shares, the Company Placement Shares or the Performance Shares.

INVESTING IN THE COMPANY'S SHARES INVOLVES RISKS WHICH ARE DESCRIBED IN SECTION 16 OF PART A OF THIS CIRCULAR ENTITLED "RISK FACTORS" OF THE LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS OF THE COMPANY. SHAREHOLDERS SHOULD ALSO CAREFULLY REVIEW THE RISK FACTORS RELATING TO THE MEMORIES GROUP SET OUT IN SECTION 8 OF PART B OF THIS CIRCULAR ENTITLED "RISK FACTORS" OF THE LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS OF MM MYANMAR PTE. LTD..

This Circular has been prepared by the Company and its contents have been reviewed by the Company's financial adviser and sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Catalist Rules. The Sponsor has not verified the contents of 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).

SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201201631D)

Memories GROUP

CIRCULAR TO SHAREHOLDERS IN RELATION TO

1. **THE PROPOSED ACQUISITION OF 100% EQUITY INTERESTS IN MM MYANMAR PTE. LTD. FROM YOMA STRATEGIC INVESTMENTS LTD., FIRST MYANMAR INVESTMENT COMPANY LIMITED AND EXEMPLARY VENTURES LIMITED;**
2. **THE PROPOSED SHARE CONSOLIDATION OF EVERY SEVEN (7) PRE-CONSOLIDATED SHARES INTO ONE (1) CONSOLIDATED SHARE (FRACTIONAL ENTITLEMENTS TO BE DISREGARDED);**
3. **THE PROPOSED ALLOTMENT AND ISSUE OF 264,997,065 CONSIDERATION SHARES PURSUANT TO THE PROPOSED ACQUISITION;**
4. **THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 93,000,000 COMPANY PLACEMENT SHARES BY THE COMPANY PURSUANT TO THE PROPOSED COMPLIANCE PLACEMENT;**
5. **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHT OF INDEPENDENT SHAREHOLDERS (BEING SHAREHOLDERS OTHER THAN THE VENDORS CONCERT PARTY GROUP AND THEIR CONCERT PARTIES) TO RECEIVE A MANDATORY GENERAL OFFER FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY VENDORS CONCERT PARTY GROUP;**
6. **THE PROPOSED IPT MANDATE;**
7. **THE PROPOSED APPOINTMENT OF THE PROPOSED DIRECTORS TO THE NEW BOARD UPON COMPLETION OF THE PROPOSED ACQUISITION;**
8. **THE PROPOSED SHARE ISSUE MANDATE;**
9. **THE PROPOSED ADOPTION OF THE MEMORIES PSP;**
10. **THE PROPOSED CHANGE OF INDEPENDENT AUDITOR;**
11. **THE PROPOSED PAYMENT OF DIRECTORS' FEES TO THE EXISTING BOARD; AND**
12. **THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM "SHC CAPITAL ASIA LIMITED" TO "MEMORIES GROUP LIMITED".**

Financial Adviser, Sponsor and Placement Agent to the Company

PRIME n Partners

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200207389D)

Independent Financial Adviser in respect of the Proposed Whitewash Resolution and the Proposed IPT Mandate

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200310232R)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	16 December 2017 at 2.30 p.m.
Date and time of Extraordinary General Meeting	:	18 December 2017 at 2.30 p.m.
Place of Extraordinary General Meeting	:	442 Orchard Road Level 3 Orchard Ballroom 3 Singapore 238879

OVERVIEW OF MEMORIES GROUP

Memories Group is a tourism company in Myanmar that operates an "Integrated Tourism Platform" which synergistically connects all its businesses under the group to provide a seamless, one-of-a-kind experience aimed at creating lasting memories. The Memories Group's strategy is to leverage on its first mover advantage and further establish its position as a leading tourism platform in Myanmar. The Memories Group's Integrated Tourism Platform comprises three (3) business segments, namely experiences, services and hotels.

INTEGRATED TOURISM PLATFORM

EXPERIENCES

- Balloons Over Bagan (BOB) Business operates hot air balloon flights in Bagan and Inle Lake region
- To develop additional tourist, cultural or leisure attractions and related services; which include a proposed commercial and tourism-related hospitality development on Bagan Land located in Nyaung U Township, Bagan (subject to obtaining the relevant regulatory approvals)

SERVICES

Branded under Asia Holidays, the Destination Management Company (DMC) Business specialises in:

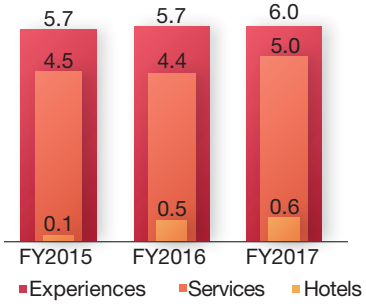
- Designing and implementing customised tours
- Organising unique excursions, activities and cultural experiences
- Managing travel logistics and organising events

HOTELS

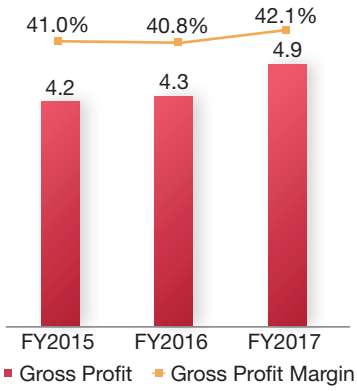
- Owns Hpa-An Lodge (HAL) and Pun Hlaing Lodge (PHL)
- HAL operational since FY2015, located in natural landscape setting with unique lodging
- PHL is currently under construction and expected to complete in FY2019

FINANCIAL HIGHLIGHTS(1)

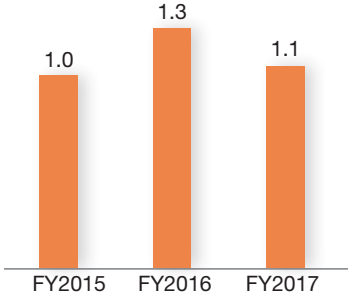
Revenue (US$'m)



Gross Profit (US$'m)
Gross Profit Margin (%)



Net Profit (US$'m)



Note:

1. Please refer to the Section 7 entitled "Management's Discussion and Analysis of Results of Operations and Financial Position of the Memories Group" and Section 5.9 entitled "Seasonality" of Part B of this Circular for the financial information of 3M2017 and 3M2018.

MEMORIES BUSINESSES

Balloons Over Bagan (BOB) Business

- The Memories Group owns and manages the "Balloons Over Bagan" and "Balloons Over Inle" hot air balloon businesses, which are one of Myanmar's most iconic tourist attractions. Bagan is well-known for its more than 2000 temples, which date back to the 9th to 13th centuries
- Established in 1999 in Bagan, BOB was the only hot air balloon operator for over a decade and later expanded to Inle Lake in FY2016
- The Memories Group provides an all-round luxury experience to customers and is currently the largest hot air balloon operator with a total of 14 balloons, comprising 12 balloons in Bagan and two (2) balloons in Inle Lake

Bagan Land (BL) Business

- A proposed commercial and tourism-related hospitality development (subject to obtaining the relevant regulatory approvals), Bagan Land is approximately 4.31 acres and located along the Ayeyarwady River close to downtown Nyaung U
- Bagan Land is at a prime location as travellers visiting ancient Bagan often make trips to Nyaung U Township for its restaurants, shops and traditional markets

Destination Management Company (DMC) Business

- Asia Holidays Travels & Tours (AHTT) has a strong international and local network and provides services that include designing and preparing fully customised itineraries for tour packages and organising unique excursions, activities and cultural experiences to cater to specific end customers' preferences
- In addition to its vast experience in customising tourism services for travel agents, MICE and individuals, AHTT also has a collaboration with Phoenix Voyages in marketing, sales and representation overseas, organising and participating in trade shows

Hpa-An Lodge (HAL) Business

- Hpa-An Lodge is a luxury 19-room boutique resort hotel with modern facilities located in the foothill of Mount Zwekabin, Hpa-An, Karen State
- Guests are treated to a traditional living experience in cottages inspired by Karen architecture and get to experience cultures unique to the Karen State as well as enjoy sunset cruise tours, trekking and village excursions, and picnic at a traditional Karen house

Pun Hlaing Lodge (PHL) Business

- Located within Pun Hlaing Estate in Hlaing Thayar, Yangon, this 2.196 acres unique "urban resort" with 46 rooms is under construction and is expected to be completed in FY2019
- In addition to modern facilities including custom cigar room, bar, restaurant with a private dining area, conference and meeting rooms, golf centre, swimming pool, spa and fitness centre, PHL's location will give its guests priority access to the 18-hole Gary Player designed golf course in Pun Hlaing Estate

COMPETITIVE STRENGTHS

SYNERGIES ARISING FROM AN INTEGRATED TOURISM PLATFORM

- The Memories Group's integrated tourism platform offers various cross-selling opportunities and the Memories Group is able to benefit from the cohesive branding and management of products and services, as well as retain a high degree of control over the supply and quality of products and services
- This integrated business model gives us a competitive edge in the relatively fragmented Myanmar's tourism industry and some aspects of our supply chain can be integrated with the Enlarged Group as opposed to purchasing services from external suppliers

DEDICATED AND EXPERIENCED KEY MANAGEMENT PERSONNEL

- The Memories Group's experienced management team reflects a unique combination of expertise and experience drawn from other established international markets, and knowledge in developing new and emerging tourism markets including Myanmar
- The Memories Group's executive chairman, Mr Serge Pun has vast business experience and business connection in Myanmar, while its key management personnel, Mr Michel Novatin and Mr Jean-Michel Romon have collectively more than 40 years of experience in hotel and tourism business operations across a number of regions including Asia, Europe and the Middle East
- The key management is also supported by a highly qualified management team comprising both locals and expatriates from around the world with experience in the tourism industry

CONNECTION WITH FOREIGN CUSTOMERS COMBINED WITH LOCAL KNOWLEDGE AND PRESENCE

- The Memories Group has a strong international network and brand recognition through AHTT's well-established international sales channels and representative channels abroad and the BOB Business is a popular brand in the international market
- The Memories Group's connections with First Myanmar Investment Company Limited (FMI) and Yoma Strategic Holdings Ltd. (YSH), two (2) highly reputable publicly listed conglomerates with a long track record in Myanmar, give us access to unique local opportunities and network, on top of its own growing presence with local customers

INVESTMENT MERITS

1

Experienced management and strong network

- Dedicated and experienced key management
- Strong international network with local knowledge and presence

2

Unique integrated tourism platform

- Consists of iconic tourism assets, experiences and quality product offerings
- Operational synergies and cross-selling opportunities
- Growth potential through acquisition of new assets in hospitality and tourism

3

Myanmar's tourism industry on the rise

- The integrated tourism platform will ride on the prospects of Myanmar's tourism industry
- Increasing visitor arrivals since 2011[1]
- Myanmar's visitor arrivals growth rate from 2011 to 2015 is more than double of its neighbouring countries[2]

Sources:

1. Myanmar Tourism Statistics 2015 issued by Ministry of Hotels and Tourism, Myanmar
2. ASEAN Secretariat

STRATEGIES AND FUTURE PLANS

ACQUIRE HOSPITALITY AND TOURISM ASSETS TO EXPAND THE MEMORIES GROUP'S PLATFORM

In order to expand its portfolio of complementary hospitality and tourism assets, the Memories Group plans to selectively acquire assets in Myanmar with potential to be developed into high quality products or service offerings that fit into its overall growth plan, vision and brand strategy

IDENTIFY AND DEVELOP NEW DESTINATIONS

The Memories Group is actively identifying new destinations with high potential as part of its overall business expansion strategy and may organically develop assets, products and services that integrate well with the destination and its businesses

DEVELOP ACTIVITIES AND SERVICES IN CONJUNCTION WITH HOSPITALITY ASSETS

The Memories Group envisages continually developing ancillary tourism activities to complement its hospitality offerings, such as cultural engagement activities and nature exploration activities for its hotel guests so as to contribute to a more holistic experience

MANAGE TOURISM ASSETS OWNED BY THIRD PARTIES

- The Memories Group is well positioned to offer management services to third party tourism assets in Myanmar and this could include strategic planning, business development, marketing and sales, as well as day-to-day operations
- The Memories Group will seek to manage assets that fit within its overall brand philosophy as this allows us to expand the Memories Group's brand nationwide without incurring large capital expenditures
- Managing third party assets can also potentially provide an acquisition pipeline should an existing asset owner wish to sell an asset that the Memories Group is managing

FURTHER INTEGRATION OF BRANDING AND OPERATION

The Memories Group plans to further establish the Memories Group's brand as a unified brand for its future and existing assets and will maintain an integrated technology platform that enables the Memories Group to seamlessly manage client relationships across all Memories Businesses

COMPLETION OF PUN HLAING LODGE

Pun Hlaing Lodge is currently under construction and expected to be completed in FY2019. A portion of the proceeds from the Proposed Compliance Placement will be used to complete the construction

DEVELOPMENT OF BAGAN LAND

The Memories Group also intends to use a portion of the proceeds from the Proposed Compliance Placement to construct a commercial and tourism-related development on the Bagan Land for purposes of establishing the BL Business

KEY MARKET TRENDS

CONTINUED STRONG GROWTH OF THE TOURISM INDUSTRY

- The World Travel and Tourism Council forecasted that Myanmar's tourism industry will rank second out of 184 countries for long-term growth by 2026
- Based on Myanmar Tourism Statistics issued in 2015, international arrivals at Yangon and Mandalay airports increased from approximately 0.4 million in 2011 to 1.3 million in 2015, a three-fold increase. In addition, arrivals through borders and local travellers have also been increasing
- The McKinsey Global Institute projected that tourism services could contribute approximately US$14.1 million to the GDP of Myanmar by 2030

DEVELOPMENT OF NEW DESTINATIONS IN MYANMAR

Myanmar has a rich history and culture, as well as archaeological and natural attractions with the potential to become new and exciting tourism destinations

DEMAND FOR PERSONALISED, AUTHENTIC AND EXPERIENCE-DRIVEN TRAVEL

Personalisation and "experience-driven" services have become a trend amongst travellers and younger, sophisticated and affluent travellers are willing to spend for a meaningful travel experience

RISE OF SUSTAINABLE TOURISM

The Myanmar government is placing emphasis on developing and managing tourism in a sustainable manner, with its Myanmar Tourism Master Plan 2013-2020 setting out various strategies to develop the tourism industry

DEVELOPMENT OF SUPPORTING INFRASTRUCTURE TO FACILITATE GROWTH OF TOURISM INDUSTRY

The Myanmar government is in the process of improving existing airport facilities to expand Yangon International Airport's capacity from 2.7 million to 8.0 million passengers by 2019 and is also seeking to upgrade its Yangon-Mandalay railway system

INCREASING INTERNATIONAL CONNECTIVITY AND DIRECT FLIGHTS

Improved air connections have encouraged more international and Asian airlines to expand to Myanmar

INCREASING POPULARITY ACROSS DEMOGRAPHIC SEGMENTS

Myanmar is becoming more popular among middle class and retiree travellers who have stronger spending power

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PROXY FORM			

Existing Board	:	Mr Teo Soo Kiat (Chairman and Interim Chief Executive Officer) Mr Teo Soo Chew (Non-Executive and Non-Independent Director) Mr Teo Chiang Khai (Non-Executive and Non-Independent Director) Mr Teo Hsi Leang (Non-Executive and Non-Independent Director) Mr Ng Fook Ai, Victor (Non-Executive and Lead Independent Director) Mr Teo Eu Jin, Nicholas (Non-Executive and Independent Director)
New Board upon the Completion of the Proposed Acquisition	:	Mr Serge Pun @ Theim Wai (Executive Chairman) Mr Georges Michel Novatin (Chief Executive Officer and Executive Director) Mr Tun Tun (Non-Executive and Non-Independent Director) Mr Basil Chan (Non-Executive and Lead Independent Director) Mr Robin Lee Chye Beng (Non-Executive and Independent Director) Ms Judy Chan (Non-Executive and Independent Director)
Company Secretary	:	Ms Chan Lai Yin, ACIS
Registered Office of the Company	:	302 Orchard Road #10-01 Singapore 238862
Registered Office of MM Myanmar	:	78 Shenton Way #32-00 Singapore 079120
Principal Place of Business of the Enlarged Group after Completion	:	The Campus 1 Office Park Rain Tree Drive Pun Hlaing Estate Hlaing Thayar Township Yangon 11401 Myanmar
Share Registrar and Share Transfer Agent	:	**Tricor Barbinder Share Registration Services** (A division of Tricor Singapore Pte. Ltd.) 80 Robinson Road #11-02 Singapore 068898

Financial Adviser, Sponsor and Placement Agent	:	**PrimePartners Corporate Finance Pte. Ltd.** 16 Collyer Quay #10-00 Income at Raffles Singapore 049318
Independent Auditor to the Company	:	**KPMG LLP** 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581 Partner-in-charge: Mr Goh Kim Chuah (Chartered Accountant, a member of the Institute of Singapore Chartered Accountants)
Independent Auditor to the Memories Group and the Reporting Accountants in respect of the Proposed Acquisition	:	**Nexia TS Public Accounting Corporation** 100 Beach Road #30-00 Shaw Tower Singapore 189702 Director-in-charge: Ms Meriana Ang Mei Ling (Chartered Accountant, a member of the Institute of Singapore Chartered Accountants)
Legal Adviser to the Company as to Singapore Law	:	**Altum Law Corporation** 160 Robinson Road #26-06 SBF Center Singapore 068914
International Counsel to the Vendors	:	**Berwin Leighton Paisner LLP** 9 Raffles Place #24-01 Republic Plaza Singapore 048619
Legal Adviser to MM Myanmar as to Singapore Law	:	**Lee & Lee** 50 Raffles Place #06-00 Singapore Land Tower Singapore 048623
Legal Adviser to the Company as to Myanmar Law	:	**Kelvin Chia Yangon Ltd** Level 8A, Union Financial Centre (UFC) Corner of Mahabandoola Road and Thein Phyu Road Botahtaung Township Yangon, Myanmar
Independent Business Valuer	:	**Ernst & Young Solutions LLP** Level 18 North Tower 1 Raffles Quay Singapore 048583

Independent Property Valuer	:	**Robert Khan & Co Pte Ltd** 261 Waterloo Street #04-24 Waterloo Centre Singapore 180261
Independent Financial Adviser in relation to the Proposed Whitewash Resolution and the Proposed IPT Mandate	:	**Asian Corporate Advisors Pte. Ltd.** 160 Robinson Road #21-05 SBF Center Singapore 068914
Principal Bankers of the Company	:	**Maybank** 2 Battery Road, Maybank Tower Singapore 049907 **United Overseas Bank Limited** 80 Raffles Place UOB Plaza Singapore 048624
Principal Banker of the Memories Group	:	**DBS Bank Ltd** 12 Marina Boulevard Level 3, Marina Bay Financial Centre Tower 3 Singapore 018982

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

Companies within the Enlarged Group

"**AHTT**"	:	Asia Holidays Travels & Tours Company Limited, Company Incorporation No. 26FC/2000-2001), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar
"**BL MM Co**"	:	Riverside Bagan Limited (Company Incorporation No. 1191FC/2016-2017 (YGN)), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar
"**BL SPV**"	:	MM (BL) Pte. Ltd. (Company Registration No. 201634859D), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120
"**BOB SPV**"	:	MM (BOB) Pte. Ltd. (Company Registration No. 201634865M), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120
"**CIL**"	:	Chindwin Investments Limited (Company Incorporation No. 2367/2013-2014), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar
"**Company**", "**SHC**" or "**Purchaser**"	:	SHC Capital Asia Limited (Company Registration No. 201201631D), a company incorporated in Singapore with its registered office in 302 Orchard Road, #10-01 Singapore 238862
"**DMC SPV**"	:	MM (DMC) Pte. Ltd. (Company Registration No. 201634866D), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120
"**Enlarged Group**"	:	The Company and its subsidiaries (including but not limited to the members of the Memories Group) following Completion
"**HAL MM Co**"	:	Hpa An Traditional Lodge Limited (Company Incorporation No. 1190FC/2016-2017 (YGN)), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar

"**HAL SPV**"	:	MM (HAL) Pte. Ltd. (Company Registration No. 201634869R), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120
"**PHLHML**"	:	Pun Hlaing Lodge Hotel Management Limited (Company Incorporation No. 452FC/2016-2017 (YGN)), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar
"**PHL SPV**"	:	MM (PHL) Pte. Ltd. (Company Registration No. 201634870K), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120
"**SingCo SPVs**"	:	Depending on the context, all or any of PHL SPV, BOB SPV, BL SPV, DMC SPV and HAL SPV (as the case may be)
"**SLTG**"	:	Shwe Lay Ta Gun Travels & Tours Company Limited (Company Incorporation No. 470 FC of 2017-2018 (YGN), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar
"**MIC Co**"	:	Depending on the context, BL MM Co or HAL MM Co (as the case may be)
"**MM Myanmar**" or "**Target**"	:	MM Myanmar Pte. Ltd. (Company Registration No. 201634838G), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120
"**TLH**"	:	Traditional Lodge Hotel Company Limited (Company Incorporation No. 3199/2013-2014), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar

Vendors and other relevant parties

"**APR**"	:	Mr Alain Pierre Eugene Romon
"**AHTT Registered Shareholders**"	:	DMC SPV and Mr Tun Tun
"**BL Vendors**"	:	YSIL and FMI
"**BOB Vendors**"	:	YSIL and FMI
"**CBC**"	:	Chindwin Bagan Company Limited, a limited liability company incorporated in Myanmar, and which is an Affiliate of YSIL
"**CHPL**"	:	Chindwin Holdings Pte. Ltd., a limited liability company incorporated in Singapore, and which is an Affiliate of YSIL
"**CIL Registered Shareholders**"	:	Mr Serge Pun and Mr Tun Tun
"**Corporate Vendor**"	:	Exemplary Ventures Limited (BVI Company No. 1920201), a company incorporated in the British Virgin Islands and having its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
"**Corporate Vendor Nominees**"	:	JMR and ACE PAO
"**CPC**"	:	Chindwin Pindaya Company Limited, a limited liability company incorporated in Myanmar, and which is an Affiliate of YSIL
"**DBA**"	:	Daw Baby Aye
"**DKOW**"	:	Daw Khin Ommar Win
"**DMC Vendor**"	:	Corporate Vendor
"**FMI**"	:	First Myanmar Investment Company Limited (Company Incorporation No. 159/1992-1993), a company incorporated in Myanmar and having its registered address at The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar

"**FMI Air**"	:	FMI Air Limited, a limited liability company incorporated in Myanmar, and which is an Affiliate of SPA Myanmar
"**FMI Group**"	:	FMI and its subsidiaries and associated companies (if any)
"**HAL Land Grantee**" **or** "**MMT**"	:	Mr Myo Myint Tun
"**HAL Vendor**"	:	Corporate Vendor
"**Myanma Insurance**"	:	Means Myanma Insurance, the state-owned insurance company of Myanmar incorporated under Myanmar Insurance Law (1993)
"**Original AHTT Registered Shareholders**"	:	JMR, APR and KTSS
"**Original PHLHML Registered Shareholders**"	:	YDG and SPA Project Management
"**Original SLTG Registered Shareholders**"	:	YNL and YDGL
"**Investor Co**"	:	Sure Magic Investments Limited (BVI Company No. 19191413), a company incorporated in the British Virgin Islands, and having its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town Tortola, VG1110, British Virgin Islands. Investor Co is a special purchase vehicle set up by JMR for the purpose of procuring the Corporate Vendor Buyout Funding
"**Investor Co Nominee**" or "**ACE PAO**"	:	ACE Pan-Asia Opportunities SPC (Company Registration No. 308311) on behalf of Myanmar Tourism S.P., a company incorporated in the Cayman Islands with its registered address of the Coden Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P O Box 2681, Grand Cayman, KYI-IIII, Cayman Islands
"**JMR**" or "**Jean-Michel**"	:	Mr Jean-Michel Alain Romon
"**KTSS**"	:	Ms Kyawt Kay Thar Soe San
"**PHL**"	:	Pun Hlaing Lodge Limited (Company Incorporation No. 3112 of 2012-2013), a company incorporated in Myanmar with its registered office in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar

"**PHL Registered Shareholders**"	:	YNL and Mr Serge Pun
"**PHLHML Registered Shareholders**"	:	MM Myanmar and PHL SPV
"**PHL Vendor**"	:	YSIL
"**Phoenix Voyages**"	:	Phoenix Voyages Group Limited
"**SPA D&P**"	:	SPA Design & Project Services Limited (formerly known as SPA Project Management Services Limited), a limited liability company incorporated in Myanmar and which is an Affiliate of YSIL
"**SPA Group**"	:	SPA Myanmar and its subsidiaries
"**SPA Myanmar**"	:	Serge Pun & Associates (Myanmar) Limited (Company Incorporation No. 14 FC/1992-1993), a company incorporated in Myanmar and having its registered address at The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar
"**SPA Project Management**"	:	SPA Project Management Pte. Ltd., a limited liability company incorporated in Singapore, and which is an Affiliate of YSIL
"**SLTG Registered Shareholders**"	:	BOB SPV and YDGL
"**SLTG Land Buyer**"	:	CIL
"**TLH Registered Shareholders**"	:	MMT and DBA
"**YDG**"	:	Yoma Development Group Pte. Ltd., a limited liability company incorporated in Singapore, and which is an Affiliate of YSIL
"**YDGL**"	:	Yoma Development Group Limited, a limited liability company incorporated in Myanmar, and which is an Affiliate of YSIL
"**YNL**"	:	Yoma Nominee Limited, a limited liability company incorporated in Myanmar, and which is an Affiliate of YSIL
"**YSIL**"	:	Yoma Strategic Investments Ltd. (Company Registration No. 200410344H), a company incorporated in Singapore with its registered office in 78 Shenton Way, #32-00, Singapore 079120

"**YSH**"	:	Yoma Strategic Holdings Ltd. (Company Registration No. 196200185E), a company incorporated in Singapore and having its registered office in 78 Shenton Way, #32-00, Singapore 079120
"**YSH Group**"	:	YSH and its subsidiaries
"**Yoma Bank**"	:	Yoma Bank Limited, a limited liability company incorporated in Myanmar, and which is an Affiliate of FMI
"**Yoma Fleet**"	:	Yoma Fleet Limited, a limited liability company incorporated in Myanmar, and which is an Affiliate of YSIL
"**YVCL**"	:	Yoma Venture Company Limited, a limited liability company incorporated in Myanmar, and which is an Affiliate of YSIL

Other agencies, corporations and organisations

"**ACRA**"	:	Accounting and Corporate Regulatory Authority
"**Authority**" or "**MAS**"	:	The Monetary Authority of Singapore
"**Catalist**"	:	The sponsor-supervised listing platform of the SGX-ST
"**CBM**"	:	The Central Bank of Myanmar
"**CDP**"	:	The Central Depository (Pte) Limited
"**CRO**"	:	Companies Registration Office of the Directorate of Investment and Company Administration, Ministry of Planning and Finance, Myanmar
"**DAFM**"	:	Department of Agricultural and Farmland Management of Tawpoon Village, Hpa An Township, Myanmar
"**DANM**"	:	Department of Archaeology and National Museums, Ministry of Religious Affairs and Culture, Myanmar
"**DCA**"	:	Department of Civil Aviation, Ministry of Transport and Communications, Myanmar
"**DICA**"	:	Directorate of Investments and Company Administration
"**ERGO**"	:	ERGO International AG
"**GAD**"	:	The General Administrative Department of the relevant locality in Myanmar

"**IFA**" or "**Independent Financial Adviser**"	:	Asian Corporate Advisors Pte. Ltd.
"**Independent Business Valuer**"	:	Ernst & Young Solutions LLP
"**Independent Property Valuer**"	:	Robert Khan & Co Pte Ltd
"**KCY**"	:	Kelvin Chia Yangon Ltd
"**Major Shareholder**"	:	SHC Capital Holdings Pte. Ltd., which holds 249,639,317 Shares, representing approximately 81.6% of the total issued Shares as at the Latest Practicable Date
"**MIC**"	:	The Myanmar Investment Commission
"**MNREC**"	:	Ministry of Natural Resources and Environmental Conservation, Myanmar
"**MOHT**"	:	Ministry of Hotels and Tourism, Myanmar
"**MOTC**"	:	Ministry of Transport and Communications, Myanmar
"**Nexia**"	:	Nexia TS Public Accounting Corporation
"**PPCF**", "**Financial Adviser**", "**Sponsor**", "**Placement Agent**" or "**Financial Adviser, Sponsor and Placement Agent**"	:	PrimePartners Corporate Finance Pte. Ltd.
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Registrar**"	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)
"**SIC**"	:	Securities Industry Council
"**SSB**"	:	Social Security Board, Myanmar

General

"**3M**"	:	Three (3) months financial period ended or ending 30 June, as the case may be
"**4 Plots of BOB Land**"	:	Plot Nos. 9, 10, 11 and 15, Block No. (EE), Aung May Thar Ward, No. 6 Ward, Nyaung U Township, Myanmar
"**5 Plots of BOB Land**"	:	Plot Nos. 225, 216, 165, 132 and 114 Block No. 1444 Ngat Pyit Taung, Ward No. 3, Nyaung U Township, Nyaung U District, Mandalay Region, Myanmar
"**ACF Business**"	:	The Ancient Cities Flotilla business (including two (2) four-cabin en-suite traditional Myanmar riverboats) located in Mandalay, Myanmar, which is the subject of the ACF Business Undertaking
"**ACF Business Undertaking**"	:	Has the meaning ascribed to it in Section 2.8.5 of Part A of this Circular
"**ACTA**"	:	The agreement relating to the assets, cost and expenses of the PHL Business dated 26 January 2017 and entered into between YDG, SPA Project Management (being the Original PHLHML Registered Shareholders), PHL and PHLHML, as amended by the amendment agreement dated 1 June 2017
"**ACTA Amounts**"	:	Has the meaning ascribed to it in Section 2.11 of Part A of this Circular
"**Affiliates**"	:	With respect to any person (the "**Specified Person**"), any person other than the Specified Person directly or indirectly controlling, controlled by or under direct or indirect common control with the Specified Person ("**Controlling/Controlled Person**") and, without limiting the generality of the foregoing, includes (a) any director of the Specified Person (where the Specified Person is a corporation); (b) any such Specified Person's or director's parent, spouse, or child (a "**relative**"); (c) one or more of such Specified Person or director, his relatives or combination thereof (a "**group**"); and (d) any person controlled by any such Specified Person or director, his relatives or group or in which any such Specified Person or director, his relatives or group controls or beneficially owns or holds more than 50.0% of any class of share capital or equity or profits interest. For the purposes of this definition, the term "control" when used with respect to any person means the possession, directly or indirectly, of power to direct or cause the direction of the management and policies of such Specified Person, whether through the ownership of voting shares or by contract or otherwise

"**Agreed Adjustments**"	:	Has the meaning ascribed to it in Section 2.8.3 of Part A of this Circular
"**Air Operator Certificate**"	:	The air operator certificate currently held by SLTG which will be expiring on 30 October 2018
"**Amended BOB MIC Endorsement**"	:	Has the meaning ascribed to it in Section 2.11 of Part A of this Circular
"**Amended PHLHML MIC Permit**"	:	The issuance of an amendment letter/document to the MIC Permit previously issued to PHLHML by the MIC in favour of or for the benefit of the Enlarged Group as the new investor of the PHL Business
"**Anticipated PHL Vendor Completion Day Costs**"	:	Has the meaning ascribed to it in Section 2.8.3 of Part A of this Circular
"**APA**"	:	Depending on the context, all or any of BL APA and HAL APA
"**Applicable Laws**"	:	The applicable laws of Myanmar, including subsidiary legislation, rules and regulations which have the force of law
"**Approvals**"	:	All approvals, authorisations, consents, confirmations, clearances, certificates, concession, registrations, filings, grants, recognition, dispensations, exemptions, licences, permits, permission, waivers and the like of any Governmental Body, person, entity, company, corporation, partnership or association, including (in the case of any entity, company, corporation, partnership or association) all corporate approvals that may be required under its constitutional documents or the Law of each jurisdiction that may be applicable to it
"**Asset Holding Company**"	:	The applicable company under which a Memories Business is owned, operated, managed and/or held namely: (i) PHLHML in relation to the PHL Business; (ii) SLTG in relation to the BOB Business (excluding the BOB Land, which is owned or to be owned by CIL in the manner as further elaborated in Section 5.16 of Part B of this Circular); (iii) CIL in relation to the BL Business; (iv) AHTT in relation to the DMC Business; and (v) TLH in relation to the HAL Business

"**Assignment of ACTA**"	:	Has the meaning ascribed to it in Section 2.11 of Part A of this Circular
"**Assignment of CIL Liabilities**"	:	Has the meaning ascribed to it in Section 2.11 of Part A of this Circular
"**Assignment of TLH Liabilities**"	:	Has the meaning ascribed to it in Section 2.11 of Part A of this Circular
"**Associate**"	:	(a) in relation to any director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object; or (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; or (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company), means any company which is its subsidiary or holding company or is a subsidiary of such holding company; or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% of more
"**Associated Company**"	:	A company in which at least 20.0% but not more than 50.0% of its shares are held by another company
"**Assumed Liabilities**"	:	Has the meaning ascribed to it in Section 2.1.2 of Part A of this Circular
"**Audit Committee**"	:	The audit committee of the Company for the time being
"**Audited Financial Statements of the PHL, SLTG, CIL, TLH and AHTT for FY2015, FY2016 and FY2017**"	:	Collectively refer to (i) Audited Financial Statements of Pun Hlaing Lodge Limited for the Financial Years Ended 31 March 2015, 2016 and 2017; (ii) Audited Financial Statements of Shwe Lay Ta Gun Travels & Tours Company Limited for the Financial Years Ended 31 March 2015, 2016 and 2017; (iii) Audited Financial Statements of Chindwin Investments Limited for the Financial Years Ended 31 March 2015, 2016 and 2017; (iv) Audited Financial Statements of Traditional Lodge Hotel Company Limited for the Financial Years Ended 31 March 2015, 2016 and 2017; and (v) Audited Financial Statements of Asia Holidays Travels & Tours Company Limited for the Financial Years Ended 31 March 2015, 2016 and 2017

"**Award**"	:	A contingent award of Shares granted under the Memories PSP
"**Award Date**"	:	In relation to an Award, the date on which the Award is granted
"**Board of Directors**"	:	In relation to any company, the board of directors for the time being of such company
"**BL APA**"	:	The asset purchase agreement dated 17 August 2017 and entered into by CIL, BL SPV and BL MM Co for the sale of the BL Business by CIL to BL MM Co
"**BL Business**"	:	The business of a proposed commercial and tourism-related hospitality development to be constructed and developed on the BL Land which is currently owned and held by CIL and such that the said business will be vested in CIL or an Affiliate of MM Myanmar, subject to relevant Approvals being obtained and such lawful restructuring as may be required in the circumstances
"**BL DOA**"	:	The deed of assignment dated 17 August 2017 and entered into between Mr Serge Pun and Mr Tun Tun (as assignors), and BL SPV (as assignee) in respect of the Economic Interests in relation to 100.0% of the issued share capital of CIL
"**BL Land**"	:	Plot A Lot No. 6A, Plot A Lot No. 6B, Plot A Lot No. 6D, Plot A Lot No. 6E/7A, Plot A Lot No. 6F/7B, Plot A Lot No. 6G, Plot A Lot No. 6H, Plot B Lot No. 7D, Plot B Lot 13, Plot D Lot No. 9 and 10, Plot C Lot 12, all located at Ywar Thit Myauk, Nyaung U Township, Bagan, Myanmar and Plot E Lot 11, located at Yun Tan and Za Yat Kyee Zay, Nyaung U Township, Bagan, Myanmar with a total area of 4.31 acres
"**BL Land Grants**"	:	Has the meaning ascribed to it in Section 5.16.2 of Part B of this Circular
"**BL POA**"	:	The Powers of Attorney dated 17 August 2017 and executed by Mr Serge Pun and Mr Tun Tun in favour of BL SPV and Mr Serge Pun in relation to 100.0% of the issued share capital of CIL
"**BOB Business**"	:	Hot-air balloon business operating under the name "Balloons over Bagan" and operated in Bagan and Inle Lake region, Myanmar which is currently owned, operated, managed and/or held under SLTG
"**BOB DOA**"	:	The deed of assignment dated 17 August 2017 and entered into between YDGL (as assignor) and BOB SPV (as assignee) in respect of the Economic Interests in relation to 60.0% of the issued share capital of SLTG
"**BOB Land**"	:	Collectively, the 5 Plots of BOB Land and 4 Plots of BOB Land

"**BOB Land Agreement**"	:	Has the meaning ascribed to it in Section 3.4.1 of Part B of this Circular
"**BOB Land Grants**"	:	Has the meaning ascribed to it in Section 5.16.1 of Part B of this Circular
"**BOB MIC Endorsement**"	:	The First BOB MIC Endorsement pursuant to which, *inter alia*, MIC acknowledged BOB SPV as a foreign investor of 60.0% of SLTG and allowed the transfer of 60.0% shares of SLTG to BOB SPV to be amended by a further approval to be obtained from the Amended BOB MIC Endorsement pursuant to which, *inter alia*, MIC acknowledges BOB SPV as a foreign investor of 40.0% of SLTG. As at the Latest Practicable Date, SLTG has not obtained the Amended BOB MIC Endorsement but expects to obtain the same prior to the Completion of the Proposed Acquisition
"**BOB Operating Season**"	:	The period from October to March of the following calendar year
"**BOB POA**"	:	The Power of Attorney dated 17 August 2017 and executed by YDGL in favour of BOB SPV in relation to 60.0% of the issued share capital of SLTG
"**BOB SPA**"	:	The sale and purchase agreement dated 17 August 2017 and entered into by SLTG, BOB SPV, YDGL and YNL for BOB SPV to acquire an aggregate of 40.0% of the issued share capital of SLTG from YDGL and YNL
"**Books Closure Date**"	:	Subject to Shareholders' approval for the Proposed Transactions, the time and date to be determined by the Directors, at and on which the Register of Members and the share transfer books of the Company will be closed to determine the entitlements of Consolidated Shares of Shareholders pursuant to the Proposed Share Consolidation
"**Business**"	:	Tourism-related businesses focused on Myanmar, including the management and operation of hotels, resorts and leisure attraction assets and investments in, assets and businesses in the tourism-related sector. The business of the Enlarged Group immediately after Completion will comprise the Memories Businesses, namely, the PHL Business, BOB Business, BL Business, DMC Business and HAL Business
"**Business Day**"	:	A day (other than Saturday, Sunday or public holidays in Singapore and Myanmar, as the case may be) on which commercial banks are generally open for business in Singapore and Myanmar, as the case may be

"**Buyback Undertakings**"	:	The deeds of undertaking dated 20 November 2017 and entered or to be entered into between the Company and the Buyback Vendors in relation to the Potential Buyback
"**Buyback Undertaking (BOB Business and BL Business)**"	:	Has the meaning ascribed to it in Section 2.13.1 of Part A of this Circular
"**Buyback Undertaking (HAL Business)**"	:	Has the meaning ascribed to it in Section 2.13.1 of Part A of this Circular
"**Buyback Vendors**"	:	Refers to: (i) YSIL and FMI in relation to the BOB Business; (ii) YSIL and FMI in relation to the BL Business; and (iii) the Corporate Vendor and JMR in relation to the HAL Business and the DMC Business
"**Cash Balance**"	:	Has the meaning ascribed to it in Section 2.8.4 of Part A of this Circular
"**Catalist Rules**"	:	The rules in the Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, varied or supplemented from time to time
"**CIL Liabilities**"	:	Has the meaning ascribed to it in Section 2.11 of Part A of this Circular
"**CIL Undertaking**"	:	Has the meaning ascribed to it in Section 3.4.1 of Part B of this Circular
"**Circular**"	:	This circular to Shareholders dated 20 November 2017
"**Code**"	:	The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
"**Code of Corporate Governance**"	:	The Code of Corporate Governance 2012, as may be amended or modified from time to time
"**Collaboration Agreement**"	:	The collaboration agreement dated 12 December 2016 entered into between AHTT and Phoenix Voyages
"**Companies Act**" **or the** "**Act**"	:	The Companies Act (Chapter 50) of Singapore, as may be amended or modified from time to time
"**Company's Due Diligence Investigations**"	:	Has the meaning ascribed to it in Section 2.6 of Part A of this Circular

"**Company Funded Costs**"	:	The portion of the PHL Construction Costs to be paid by the Company following Completion, up to a maximum amount of US$12.0 million
"**Company Placement Shares**"	:	Up to 93,000,000 new Consolidated Shares to be allotted and issued by the Company pursuant to the Proposed Compliance Placement
"**Company's Warranties**"	:	The representations and warranties given by the Company under the RTO SPA
"**Completion**"	:	The completion of the sale and purchase of the Sale Shares under the RTO SPA in the manner set out in Section 2.7 of Part A of this Circular
"**Completion Date**"	:	The date falling within seven (7) Business Days after the fulfilment of all of the conditions precedent under the RTO SPA (unless they are waived by the relevant Parties), on which Completion takes place
"**Completion of BL APA**"	:	Has the meaning ascribed to it in Section 3.4.1 of Part B of this Circular
"**Completion of BOB SPA**"	:	Has the meaning ascribed to it in Section 3.4.1 of Part B of this Circular
"**Completion of DMC SPA**"	:	Has the meaning ascribed to it in Section 3.4.1 of Part B of this Circular
"**Completion of HAL APA**"	:	Has the meaning ascribed to it in Section 3.4.1 of Part B of this Circular
"**Completion of PHLHML SPA**"	:	Has the meaning ascribed to it in Section 3.4.1 of Part B of this Circular
"**Consideration Shares**"	:	264,997,065 new Consolidated Shares to be allotted and issued by the Company to YSIL, FMI and the Corporate Vendor Nominees at the Issue Price, credited as fully paid, in settlement and satisfaction of the Purchase Consideration, as further set out in Section 2.5 of Part A of this Circular
"**Consolidated Shares**"	:	The consolidated Shares after the completion of the Proposed Share Consolidation, and each a "**Consolidated Share**" shall be construed accordingly

"**Constitution**"	:	The constitution of the Company which was previously known as the memorandum and articles of association of the Company immediately before 3 January 2016
"**Controlling Shareholder**"	:	A person who (i) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares of the company; or (ii) in fact exercises control over the company; or (iii) such other definition as the SGX-ST may from time to time determine
"**Corporate Structure**"	:	The corporate structure of the Memories Group resulting from completion of the Relevant Transactions in accordance with and subject to the terms of the DOA, POAs, SPAs and APAs
"**Corporate Vendor Buyout**"	:	Has the meaning ascribed to it in Section 2.3 of Part A of this Circular
"**Corporate Vendor Buyout Funding**"	:	Has the meaning ascribed to it in Section 2.3 of Part A of this Circular
"**Cost Reimbursement Undertaking**"	:	The undertaking dated 29 January 2016 given by the Major Shareholder to the Company whereby the Major Shareholder has agreed to reimburse the Company for all costs and expenses relating to the Proposed Acquisition in the event the Proposed Acquisition is not successful
"**DMC Business**"	:	The tourism and destination management business operating under the name "Asia Holidays" which is currently operated, managed and/or held under AHTT
"**DMC DOA**"	:	The deed of assignment dated 22 September 2017 and entered into between Mr Tun Tun (as assignor) and DMC SPV (as assignee) in respect of the Economic Interests in relation to 40.0% of the issued share capital of AHTT
"**DMC POA**"	:	The Power of Attorney dated 22 September 2017 and executed by Mr Tun Tun in favour of DMC SPV and Mr Serge Pun in relation to 40.0% of the issued share capital of AHT
"**DMC SPA**"	:	The sale and purchase agreement dated 17 August 2017 and entered by AHTT, DMC SPV, JMR and APR for DMC SPV to acquire 301 issued shares of AHTT (representing approximately 60.1% of the issued shares in AHTT)

"**Deed of Assignment**" or "**DOA** "	:	In relation to the shares in an Asset Holding Company held by a Registered Shareholder, deed of assignment to effect the assignment, conveyance and transfer by such Registered Shareholder to the relevant SingCo SPV, absolutely and free from all encumbrances of the Economic Interests in respect of the relevant shares in such Asset Holding Company, executed and delivered together with accompanying power of attorney in the agreed form (as a separate document), provided that the term "Economic Interests" and the assignment, conveyance and transfer thereof under the DOA does not include an assignment of any rights of ownership or control in the shares
"**Deed of Assignment of CIL Liabilities**"	:	Has the meaning ascribed to it in Section 3.4.1 of Part B of this Circular
"**Deed of Assignment of the ACTA**"	:	Has the meaning ascribed to it in Section 3.4.1 of Part B of this Circular
"**Deed of Assignment of TLH Liabilities**"	:	Has the meaning ascribed to it in Section 3.4.1 of Part B of this Circular
"**Depository Agent**"	:	An entity registered as a depository agent with CDP
"**Economic Interests**"	:	(i) All economic, financial and monetary entitlements now or hereafter accruing or arising from the shares in an Asset Holding Company (save for PHL and PHLHML), including dividends and other distributions (whether in cash or in kind) or any return of capital or contribution that may be made in relation to or which may otherwise be attributable to such shares; and (ii) all rights, title, interests, claims, actions and remedies attached or attaching to all and any such entitlements referred to aforesaid
"**EGM**"	:	The extraordinary general meeting of the Company to be held on Monday, 18 December 2017 (or any adjournment thereof), notice of which is set out in this Circular
"**Employee**"	:	A confirmed employee of the Group selected by the new Remuneration Committee to participate in the Memories PSP, in accordance with the terms and conditions set out herein
"**Enlarged Share Capital**"	:	The enlarged issued and paid-up share capital of the Company of S$105,649,430.97 comprising 401,708,863 Consolidated Shares after the Proposed Share Consolidation, the Proposed Allotment and Issue of the Consideration Shares and assuming the Proposed Allotment and Issue of all of the Company Placement Shares pursuant to the Proposed Compliance Placement

"**EPS**"	:	Earnings per share
"**ERGO SPA**"	:	The sale and purchase agreement dated 20 June 2014 and entered into between the Company and ERGO in connection with the disposal of the Company's then wholly-owned subsidiary
"**ESDL**"	:	Skills Development Law 2013
"**Executive Director**"	:	A director of the Company who is an Employee of the Group and performs an executive function
"**Extended Moratorium**"	:	The undertakings by YSIL, FMI and JMR to restrict, *inter alia*, the sale or disposal of their Consideration Shares in the manner as set out in Section 13.4.2 of Part A of this Circular
"**Existing Board**" **or** "**Existing Directors**"	:	The directors of the Company as at the Latest Practicable Date
"**Extended Moratorium Period**"	:	Has the meaning ascribed to it in Section 13.4.2 of Part A of this Circular
"**Existing Share Capital**"	:	The existing issued and paid-up share capital of the Company of S$11,075,295.40 divided into 305,982,583 Pre-Consolidated Shares as at the Latest Practicable Date
"**Experiences Segment**"	:	Such part of the Memories Group's businesses which are engaged in tourism and leisure attractions businesses. As at the Latest Practicable Date, the Experiences Segment comprises the BOB Business
"**FEML**"	:	Foreign Exchange Management Law 2012
"**FERA**"	:	Foreign Exchange Regulation Act 1947
"**FY**"	:	Financial year ending or ended 31 December (in the case of the Company) and 31 March (in the case of the Enlarged Group and/or the Memories Group)
"**First Announcement**"	:	The announcement dated 24 October 2016 in relation to the Proposed Acquisition
"**First BOB MIC Endorsement**"	:	Has the meaning ascribed to it in Section 2.11 of Part A of this Circular
"**Final Ruling**"	:	Has the same meaning ascribed to it in Section 2.13.1 of Part A of this Circular

"**Grant Land Status**" or "**grant ownership**" or "**land grant**"	:	The lease of land by the relevant Governmental Body in Myanmar to a qualified person under Applicable Laws for an initial period of at least 30 years, renewable up to a maximum period of 90 years, or in perpetuity
"**Governmental Body**"	:	Any: (i) nation, federation, state, county, city, town, province, village, district or other jurisdiction of any nature; (ii) national, federal, state, local, municipal, foreign or other government; (iii) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official or entity or any other tribunal; (iv) statutory authority, quasi-statutory or regulatory authority, governmental department, ministry, commission, board or bureau; (v) multi-national organisation or body; or (vi) court, tribunal, securities council, stock exchange or anybody exercising, or entitled to exercise, any administrative, executive, judicial, arbitral, legislative, police, regulatory or taxing authority or power of any nature
"**GST**"	:	Goods and services tax
"**HLBL**"	:	A Hotel and Lodging-House Business Licence issued by the MOHT
"**HAL APA**"	:	The asset purchase agreement dated 17 August 2017 and entered into by TLH, HAL SPV, HAL MM Co and MMT for the sale of the HAL Business by TLH to HAL MM Co
"**HAL Business**"	:	The hotel/lodge business operating under the name "Hpa An Lodge" and located on the HAL Land, and which business is currently owned, operated, managed and/or held under TLH
"**HAL Business Declaration of Trust**"	:	Has the meaning ascribed thereto in Section 3.4.1 of Part B of this Circular
"**HAL DOA**"	:	The deed of assignment dated 17 August 2017 and entered into between MMT and DBA (as assignors) and HAL SPV (as assignee) in respect of the Economic Interest in relation to 100.0% of the issued share capital of TLH

"**HAL Issued Document**"	:	The grant/lease of the HAL Land dated 6 October 2016 issued in favour of MMT
"**HAL Land**"	:	Plot No. 2/2 with 0.61 acres and Plot No. 3/1 with 1.05 acres and part of Plot No. 4/2 with 0.82 acres located at Block No. OSS-66/Hta Ma Lout Kyay Tine Pyin, Tawpoon Village Tract Ward, Hpa An District, Hpa An Township, Karen State, Myanmar
"**HAL Land Grant**"	:	Has the meaning ascribed to it in Section 5.16.4 of Part B of this Circular
"**HAL Land Grantee Undertaking**"	:	Has the meaning ascribed thereto in Section 3.4.1 of Part B of this Circular
"**HAL POA**"	:	The Power of Attorney dated 17 August 2017 and executed by MMT and DBA in favour of HAL SPV and Mr Serge Pun in relation to 100.0% of the issued share capital of TLH
"**Hong Kong**"	:	Hong Kong Special Administrative Region
"**Hotels Segment**"	:	Such part of the Memories Group's businesses which are engaged in the hospitality business. As at the Latest Practicable Date, the Hotels Segment comprises the HAL Business and the PHL Business
"**Hpa An Lodge**"	:	The hotel/lodge located on the HAL Land and operated under the HAL Business
"**IFA Letter**"	:	The letter from the Independent Financial Adviser in relation to the Proposed Whitewash Resolution and Proposed IPT Mandate dated 20 November 2017 as set out in Appendix A of this Circular
"**Independent Director**"	:	A non-executive and independent director of the Company
"**Independent Shareholders**"	:	Shareholders of the Company other than (a) the Vendors Concert Party Group; (b) persons acting in concert with the Vendors Concert Party Group; and (c) persons not considered independent of the persons mentioned in (a) and (b) of this definition for the purpose of the Proposed Whitewash Resolution
"**Independent Valuation**"	:	Has the meaning ascribed to it in Section 2.9 of Part A of this Circular

"**Independent Valuation Summary Letter**"	:	The independent valuation summary letter dated 11 August 2017 setting out a summary of the information contained in the independent valuation report dated on 11 August 2017 by the Independent Business Valuer in relation to the Independent Valuation as set out in Appendix B of this Circular
"**Interested Persons**"	:	Has the meaning ascribed to it in Section 10.1 of Part B of this Circular
"**Issue Price**"	:	S$0.263 for each Consideration Share (after the Proposed Share Consolidation)
"**JMR Deed of Undertaking and Warranty**"	:	The Deed of Undertaking and Warranty dated 17 August 2017 as amended on 29 September 2017 and pursuant to which JMR has, *inter alia*, acceded to and/or agreed to be bound by the Warrantors' Warranties and certain indemnities in relation to the HAL Business and the DMC Business as set out under the RTO SPA, the Restricted Business Undertaking, the ROFO Undertaking and the Management Rights Opportunity Undertaking, in favour of the Company
"**JMR Restricted Period**"	:	The longer of the following periods: (i) for so long as JMR is an employee of the Enlarged Group and for an additional period of 12 months thereafter; or (ii) for so long as he holds not less than 5.0% of the then prevailing total issued ordinary Shares (excluding treasury shares) and for an additional period of 12 months after JMR ceases to hold not less than 5.0% of the then prevailing total issued ordinary Shares (excluding treasury shares)
"**KCY Legal Opinion**"	:	The legal opinion dated 20 November 2017 issued by KCY in relation to, *inter alia*, the Restructuring as set out in Appendix P of this Circular
"**Key Resolutions**"	:	The key resolutions in this Circular, being the Ordinary Resolutions relating to (i) the Proposed Acquisition; (ii) the Proposed Share Consolidation; (iii) the Proposed Allotment and Issue of the Consideration Shares; (iv) the Proposed Allotment and Issue of the Company Placement Shares pursuant to the Proposed Compliance Placement; (v) the Proposed Whitewash Resolution; (vi) the Proposed IPT Mandate; (vii) the proposed appointment of Mr Serge Pun as a Proposed Director of the Company upon Completion; (viii) the proposed appointment of Mr Michel Novatin as a Proposed Director of the Company upon Completion; and (ix) the Proposed Change of Name

"**Land Option**"	:	Depending on the context, all or any of the Option to acquire BL Land, Option to acquire BOB Land, Option to acquire HAL Land and Option to acquire PHL Land
"**Land Survey Report**"	:	Has the meaning ascribed to it in Section 5.16 of Part B of this Circular
"**Land Use Discrepancy Areas**"	:	Part of the land used in connection with the HAL Business (as a carpark) which is not within the HAL Land, as further elaborated in Section 5.16.7 of Part B of this Circular
"**Latest Practicable Date**"	:	10 November 2017, being the latest practicable date prior to lodgement of this Circular with the SGX-ST, acting as agent on behalf of the Authority
"**Law**"	:	Means any domestic or foreign constitutional provision, statute or other law (including where applicable, laws of Singapore, Myanmar, other countries, common law and any international convention, treaties and laws), act, rule (including not limited to stock exchange rules and regulations), regulation, bye laws, subsidiary legislation, ordinance, treaty, code, permit, certificate, licence, or interpretation of any Governmental Body and any decision, circular, notice, policy, declaration, directive, decree, resolution, injunction, judgment, order, ruling, interpretation, or assessment issued by any Governmental Body
"**Listing Manual**"	:	The listing manual of the SGX-ST
"**Long Stop Date**"	:	31 December 2017 or such later date as the Parties may agree in writing
"**Long Term Lease**" or "**LT Lease**"	:	In relation to any or each of the Relevant Land, such term of leasehold interest for an initial period of 50 years which may be extended for two (2) consecutive periods of up to 10 years each to be granted to the MIC Cos or SLTG (as the case may be), or such lesser initial period as otherwise set out in the RTO SPA or as otherwise agreed to by the Company under the RTO SPA or as may otherwise be acceptable to the Company, and approved under the relevant MIC Endorsement. For the avoidance of doubt, in relation to the HAL Land, the Long Term Lease in relation to the HAL Land shall be for a tenure at least equivalent to that which is obtained or will be obtained in accordance with the performance of obligations set out in the HAL Land Grantee Undertaking, which tenure in any event shall not at any time be less than the duration of the lease period under the HAL Issued Document
"**LPS**"	:	Loss per Share or Consolidated Share (as the case may be)

"**Management Rights Opportunity**"	:	Has the meaning ascribed to it in Section 2.8.7 of Part A of this Circular
"**Management Rights Opportunity Undertaking**"	:	Has the meaning ascribed to it in Section 2.8.7 of Part A of this Circular
"**Mandated IPTs**"	:	Has the meaning ascribed to it in Section 15.2.6 of Part A of this Circular
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**Master Settlement Agreement**"	:	Has the meaning ascribed to it in Section 10.3 of Part B of this Circular
"**Master Settlement and Investment Deed**"	:	The master settlement and investment deed dated 24 October 2016 as amended and restated on 17 August 2017 and further amended and restated on 19 November 2017) entered into by MM Myanmar (upon acceding to the master settlement and investment deed), the Vendors and all of the relevant Registered Shareholders, *inter alia*, for the purpose of restructuring and consolidating the Vendors' interests in the Memories Businesses under MM Myanmar pursuant to the Restructuring and obtaining the agreement and undertakings of the Registered Shareholders to implement and give effect to the Restructuring
"**Maximum Liability**"	:	Has the meaning ascribed to it in Section 2.8.1 of Part A of this Circular
"**MCA**"	:	Myanmar Companies Act 1914
"**MCIL**"	:	Myanmar Citizen's Investment Law 2013 (repealed with effect from 18 October 2016)
"**Memories Businesses**" or "**Memories Business**"	:	Depending on the context, all or any of the BOB Business, the PHL Business, the BL Business, the HAL Business and the DMC Business
"**Memories Group**" or "**Target Group**" or "**Memories Group Companies**" or "**Target Group Companies**"	:	Has the meaning depending on the context, all or any of the following companies: (i) MM Myanmar; (ii) all the SingCo SPVs; (iii) SLTG;

(iv) PHLHML;

(v) BL MM Co;

(vi) AHTT;

(vii) HAL MM Co;

(viii) CIL; and

(ix) TLH,

and "**Memories Group Company**" shall mean any one of them

"**Memories PSP**"	:	The proposed performance share plan of the Memories Group to be approved by the Shareholders, the terms of which are set out in Appendix R of this Circular
"**MFIL**"	:	Myanmar Foreign Investment Law 2012 (Repealed with effect from 18 October 2016)
"**MHTL**"	:	Myanmar Hotel and Tourism Law 1993
"**MIC Endorsement**"	:	The endorsement for investment issued by the MIC under the MIL approving investment activities which are not considered MIC level investments (requiring an MIC Permit under the MIL), including the accompanying MIC decision. The MIC Endorsement may include approvals allowing an investor to enjoy benefits under the MIL relating to land rights authorisation (i.e. to enter into a land lease agreement for more than one (1) year) and/or certain tax exemptions and reliefs (subject to eligibility)
"**MIC Permit**"	:	The investment permit issued by the MIC under the MIL, including the accompanying MIC decision, approving an investor's participation/investment in activities that are strategic to Myanmar, capital intensive, potentially have a large impact on the environment and local community, use state-owned land and buildings, or involve investments which are designated by the Myanmar government to require the submission of a proposal to the MIC and acquisition of an MIC Permit
"**Michel Novatin**"	:	Mr Georges Michel Novatin
"**MIL**"	:	The Myanmar Investment Law dated 18 October 2016, and any other regulations, rules, notifications and orders issued or to be issued under the MIL

"**MIL Rules**"	:	The implementing rules and regulations for the MIL which were issued on 31 March 2017
"**Minimum Issue Price**"	:	Has the meaning ascribed to it in Section 5.1 of Part A of this Circular
"**Minimum Public Float**"	:	Has the meaning ascribed to it in Section 5.1 of Part A of this Circular
"**MM Myanmar Consideration Shares**"	:	The 69,694,226 shares in the capital of MM Myanmar issued to the Vendors (including the PHLHML Target Consideration Shares), which are part of the Sale Shares
"**MM Myanmar Directors**"	:	Mr Serge Pun, Mr Michel Novatin and Mr Tun Tun
"**MM Myanmar Shareholders Agreement**"	:	The Share Subscription and Shareholders' Agreement dated 17 August 2017 and entered into between the Vendors and MM Myanmar
"**MRO Parameters**"	:	Has the meaning ascribed to it in Section 2.8.7 of Part A of this Circular
"**Myanmar**"	:	The Republic of the Union of Myanmar
"**NAV**"	:	Net asset value
"**New Audit Committee**"	:	The Audit Committee of the Company upon Completion
"**New Board**"	:	The Board of Directors of the Company upon Completion
"**New Nominating Committee**"	:	The Nominating Committee of the Company upon Completion
"**New Remuneration Committee**"	:	The Remuneration Committee of the Company upon Completion
"**New Share Certificates**"	:	Has the meaning ascribed to it in Section 4.5 of Part A of this Circular
"**Non-Executive Director**"	:	A director of the Company who is not an Executive Director, including an Independent Director
"**Notice of Extraordinary General Meeting**"	:	The notice to Shareholders of the EGM as set out in pages T-1 to T-8 of this Circular
"**NTA**"	:	Net tangible assets
"**Offeror**"	:	Has the meaning ascribed to it in Section 2.8.7 of Part A of this Circular

"**Option to acquire land**"	:	In relation to a Registered Shareholder with respect to a Vendor, the option granted by the Asset Holding Company in favour of a SingCo SPV to transfer the Residual Interest of the Relevant Land to the MIC Co or SLTG (as the case may be) for a Relevant Value as and when the prevailing Applicable Laws permits such transfer, and further undertakings not to sell, dispose or encumber such interest in such Relevant Land pending such transfer to the MIC Co or SLTG (as the case may be) and to extend or renew the Long Term Lease, or grant subsequent new Long Term Leases in relation to the Relevant Land in favour of the MIC Co or SLTG (as the case may be) (on each occasion, to the fullest extent permitted under the Applicable Laws) for a Relevant Value
"**Option to acquire BL Land**"	:	Option to acquire the Residual Interest of the BL Land to be granted by CIL in favour of BL MM Co
"**Option to acquire BOB Land**"	:	Option to acquire the Residual Interest of the BOB Land to be granted by CIL in favour of SLTG
"**Option to acquire HAL Land**"	:	Option to acquire the Residual Interest of the HAL Land to be granted by TLH in favour of HAL MM Co
"**Option to acquire PHL Land**"	:	Option to acquire the Residual Interest of the PHL Land dated 20 November 2017 and granted by PHL in favour of PHLHML
"**Option to acquire Shares**"	:	In relation to a Registered Shareholder with respect to a Vendor, the option granted by the Registered Shareholder in favour of a SingCo SPV to transfer all of the shares of the Asset Holding Company to the SingCo SPV for a Relevant Value as and when the prevailing Applicable Laws permits such transfer, and further undertakings not to sell, dispose or encumber such shares pending such transfer to such SingCo SPVs
"**Option to acquire AHTT Shares**"	:	Option to acquire 40.0% of the issued shares of AHTT dated 20 November 2017 and granted by Mr Tun Tun in favour of DMC SPV
"**Option to acquire CIL Shares**"	:	Option to acquire 100.0% of the issued shares of CIL granted or to be granted by the CIL Registered Shareholders in favour of BL SPV
"**Option to acquire SLTG Shares**"	:	Option to acquire up to 60.0% of the issued shares of SLTG dated 20 November 2017 and granted by YDGL in favour of BOB SPV

"**Option to acquire TLH Shares**"	:	Option to acquire 100.0% of the issued shares of TLH to be granted by the TLH Registered Shareholders in favour of HAL SPV
"**Option to acquire PHL Shares**"	:	Option to acquire 100.0% of the issued shares of PHL dated 20 November 2017 and granted by the PHL Registered Shareholders in favour of PHL SPV
"**Ordinary Resolutions**"	:	Ordinary resolutions 1 to 16 as set out in the Notice of Extraordinary General Meeting and "**Ordinary Resolution**" shall mean any one of them
"**Original Moratorium**"	:	The undertakings by YSIL, FMI and JMR, *inter alia*, to restrict, *inter alia*, the sale or disposal of their Consideration Shares in the manner as set out in Section 13.4.1 of Part A of this Circular
"**Original Moratorium Period**"	:	Has a meaning ascribed to it in Section 13.4 of Part A of this Circular
"**Original SPA**"	:	The sale and purchase agreement entered into between the Company and the Vendors in relation to the Proposed Acquisition dated 24 October 2016
"**Other Project Ownership**"	:	Has the meaning ascribed to it in Section 2.8.7 of Part A of this Circular
"**Other Transaction Expenses**"	:	Has the meaning ascribed to it in Section 2.8.2 of Part A of this Circular
"**Part A of this Circular**"	:	Letter to Shareholders from the Board of Directors of the Company dated 20 November 2017
"**Part B of this Circular**"	:	Letter to Shareholders from the Board of Directors of MM Myanmar dated 20 November 2017
"**Participant**"	:	The person(s) who has been granted an Award pursuant to the Memories PSP
"**Performance Shares**"	:	Shares issued to the Participants pursuant to the Memories PSP
"**PHL Business**"	:	The business of a proposed hotel development under the name "Pun Hlaing Lodge" currently being constructed and developed on the PHL Land which is owned and held by PHLHML as at the Latest Practicable Date
"**PHL Business Novations**"	:	Has the meaning ascribed to it in Section 10.3 of Part B of this Circular

"**PHL Construction Costs**"	:	All costs, expenses and amounts which may be due or owing in respect of, or otherwise arising from or otherwise related to or connected with the construction of Pun Hlaing Lodge (including the acquisition costs and such other costs relating to the PHL Land and the PHL Loan, accrued interest thereunder and related fees and expenses)
"**PHL Land**"	:	Plot No. 121 Plot B with 2.196 acres located at Residential Ward No. 12, Pun Hlaing Estate, Hlaing Thayar Township, Yangon, Myanmar
"**PHL Land Grant**"	:	Has the meaning ascribed to it in Section 5.16.5 of Part B of this Circular
"**PHL Loan**"	:	Has the meaning ascribed to it in Section 2.8.3 of Part A of this Circular
"**PHL Vendor Costs**"	:	The PHL Construction Costs less the aggregate of (i) Company Funded Costs; and (ii) the Agreed Adjustments, if any
"**PHL Vendor Excess Amount**"	:	The amount of the PHL Construction Costs paid by the PHL Vendor on or by Completion in excess of the Anticipated PHL Vendor Completion Day Costs
"**PHLHML SPA**"	:	The sale and purchase agreement dated 17 August 2017 entered into by PHL SPV and the Original PHLHML Registered Shareholders for PHL SPV to acquire 99.0% and 1.0% of the shares of PHLHML from the Original PHLHML Registered Shareholders (comprising YDG and SPA Project Management respectively)
"**PHLHML Target Consideration Shares**"	:	Part of the MM Myanmar Consideration Shares comprising 4,382,000 shares which were issued to YSIL at the direction of the Original PHLHML Registered Shareholders pursuant to the terms of the PHLHML SPA
"**Placement Shares**"	:	Company Placement Shares and the Vendor Placement Shares
"**Placement Vendor**"	:	JMR
"**Plot A**"	:	Plot No. 121 Plot A with 1.591 acres located at Residential Ward No. 12 Pun Hlaing Golf Club Housing, Hlaing Thayar Township, Yangon, Myanmar

"**Potential Buyback**"	:	Where applicable, a buyback of the HAL Business, BL Business and/or the BOB Business by the relevant Buyback Vendors upon the occurrence of a Potential Buyback Event
"**Potential Buyback Events**"	:	The occurrence of any of the following events in relation to the HAL Business, the BL Business and/or the BOB Business (as the case may be) as set out in Section 2.13.1 of Part A of this Circular, and pursuant to which the Company is required to take steps to effect a Potential Buyback of such business to the relevant Buyback Vendors, in the manner as further elaborated in Section 2.13.2 of Part A of this Circular
"**Power of Attorney**" or "**POA**"	:	Depending on the context, all or any of the powers of attorney executed or to be executed by: (i) YDGL in favour of BOB SPV and Mr Serge Pun; (ii) CIL Registered Shareholders in favour of BL SPV and Mr Serge Pun; (iii) Mr Tun Tun in favor of DMC SPV and Mr Serge Pun; and (iv) TLH Registered Shareholders in favour of HAL SPV and Mr Serge Pun
"**Pre-Consolidated Shares**"	:	The issued Shares prior to the Proposed Share Consolidation and each "**Pre-Consolidated Share**" shall be construed accordingly
"**Prescribed Limit**"	:	Has the meaning ascribed to it in Section 9.4.2 of Part A of this Circular
"**Previous Interest Holders**"	:	Means: (i) in relation to the BOB Business, CHPL; (ii) in relation to the BL Business, CHPL; (iii) in relation to the HAL Business and the DMC Business, the persons (including JMR) who had certain rights, interests, benefits and entitlements in the HAL Business and DMC Business immediately prior to the Corporate Vendor Buyout; and (iv) in relation to the PHL Business, YSIL
"**Property Valuation**"	:	Has the meaning ascribed to it in Section 2.9 of Part A of this Circular

"**Property Valuation Certificates**"	:	The summary reports dated 27 June 2017, setting out a summary of the information contained in the valuation reports dated on 27 June 2017 by the Independent Property Valuer in relation to the valuation of the Hpa An Lodge, Pun Hlaing Lodge and the BL Land as set out in Appendix Q of this Circular
"**Proposed Acquisition**"	:	The proposed acquisition of the Sale Shares by the Company from the Vendors
"**Proposed Adoption of the Memories PSP**"	:	Has the meaning ascribed to it in Section 9 of Part A of this Circular
"**Proposed Allotment and Issue of Company Placement Shares**"	:	Refers to the proposed allotment and issue of Company Placement Shares pursuant to the Proposed Compliance Placement as further described in Section 5.2 of the Circular
"**Proposed Allotment and Issue of Consideration Shares**"	:	Refers to the proposed allotment and issue of Consideration Shares pursuant to the Proposed Acquisition as further described in Section 2.1.2 of the Circular
"**Proposed CEO**"	:	Mr Georges Michel Novatin
"**Proposed Change of Independent Auditor**"	:	Has the meaning ascribed to it in Section 10 of Part A of this Circular
"**Proposed Change of Name**"	:	Has the meaning ascribed to it in Section 11 of Part A of this Circular
"**Proposed Compliance Placement**"	:	The issue or sale of the Placement Shares, subject to the consent of the Financial Adviser, Sponsor and Placement Agent and in accordance with the Catalist Rules, *inter alia*, for the purpose of meeting the Minimum Public Float
"**Proposed Directors**"	:	The new directors proposed to be appointed to the New Board upon Completion
"**Proposed Executive Officers**"	:	The new executive officers proposed to be appointed to the Company upon Completion
"**Proposed IPT Mandate**"	:	Has the meaning ascribed to it in Section 15.2 of Part A of this Circular
"**Proposed Share Consolidation**"	:	The consolidation of the Pre-Consolidated Shares based on the ratio of seven (7) existing Pre-Consolidated Shares to one (1) new Consolidated Share
"**Proposed Share Issue Mandate**"	:	Has the meaning ascribed to it in Section 8 of Part A of this Circular

"**Proposed Transactions**"	:	The proposed transactions contemplated under this Circular, comprising the following: (i) the Proposed Acquisition; (ii) the Proposed Share Consolidation; (iii) the Proposed Allotment and Issue of the Consideration Shares; (iv) the Proposed Allotment and Issue of the Company Placement Shares pursuant to the Proposed Compliance Placement; (v) the Proposed Whitewash Resolution; (vi) the Proposed IPT Mandate; (vii) the proposed appointment of the Proposed Directors; (viii) the Proposed Share Issue Mandate; (ix) the Proposed Adoption of the Memories PSP; (x) the Proposed Change of Auditors; (xi) the proposed payment of Directors' fees to the Existing Board; and (xii) the Proposed Change of Name
"**Proposed Whitewash Resolution**"	:	The resolution to be approved by way of a poll by a majority of the Independent Shareholders present and voting at the EGM to waive their rights to receive a mandatory general offer from the Vendors Concert Party Group and/or their respective concert parties for all the Shares in issue not already owned, controlled, or agreed to be acquired by the Vendors Concert Party Group and/or their respective concert parties following Completion
"**Proxy Form**"	:	The proxy form in respect of the EGM set out in this Circular
"**Public**"	:	Persons other than: (a) directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the issuer and its subsidiary companies; and (b) Associates of the persons in paragraph (a)
"**Pun Hlaing Lodge**"	:	The hotel development constructed or to be constructed on the PHL Land in accordance with the project specifications as set out in Schedule 7 of the RTO SPA

"**Purchase Consideration**"	:	S$69,694,228 as consideration for the Sale Shares
"**PV Territories**"	:	Pursuant to the Collaboration Agreement, the territories where Phoenix Voyages is entitled to provide tourism services in on an exclusive basis, being Cambodia, Laos, North Korea, South Korea, Thailand and Vietnam
"**Recommending Directors**"	:	The Directors who are deemed independent for (i) the purposes of the Proposed Whitewash Resolution, which comprise all the existing Independent Directors of the Company, namely, Mr Ng Fook Ai, Victor and Mr Teo Eu Jin, Nicholas; and/or for (ii) the purposes of the Proposed IPT Mandate, which comprise all the Existing Directors
"**Record Date**"	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or CDP or the Securities Accounts of a Shareholder must be credited with Shares, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
"**Register of Members**"	:	Register of members of the Company
"**Registered Shareholders**"	:	In relation to an Asset Holding Company, the registered shareholders of the Asset Holding Company at the relevant time
"**Release and Discharge by Previous Interest Holders (BOB)**"	:	Deed of agreement and release dated 20 November 2017 and entered into between SLTG, BOB SPV and CHPL pursuant to which CHPL, *inter alia*, releases and discharges SLTG from any claims relating to the shares of SLTG (and the Economic Interests in relation thereto), the BOB Land or the assets or business of SLTG on the terms set out therein
"**Release and Discharge by Previous Interest Holders (BL)**"	:	Deed of agreement and release dated 20 November 2017 and entered into between CIL, BL MM Co, BL SPV and CHPL pursuant to which CHPL, *inter alia*, releases and discharges CIL and the BL Business from any claims relating to the shares of CIL (and the Economic Interest in relation thereto), the BL Land or the assets or business of CIL on the terms set out therein

"**Release and Discharge by Previous Interest Holders (DMC)**"	:	Deeds of agreement and release dated 12 December 2016 and entered into between AHTT, the Corporate Vendor and each of the Previous Interest Holders of AHTT, pursuant to which each Previous Interest Holder, *inter alia*, releases and discharges AHTT and the DMC Business from any claims relating to the shares of AHTT (and the Economic Interest in relation thereto) or the assets or business of AHTT on the terms set out therein
"**Release and Discharge by Previous Interest Holders (HAL)**"	:	Deeds of agreement and release dated 14 February 2017 and entered into between TLH, the Corporate Vendor and each of the Previous Interest Holders of TLH, pursuant to which each Previous Interest Holder, *inter alia*, releases and discharges TLH and the HAL Business from any claims relating to the shares of TLH (and the Economic Interest in relation thereto), the HAL Land or the assets or business of TLH on the terms set out therein
"**Release and Discharge by Registered Shareholders (BOB)**"	:	Deeds of agreement and release dated 20 November 2017 and entered into between SLTG, BOB SPV, and each of the Original SLTG Registered Shareholders, pursuant to which each Original SLTG Registered Shareholder, *inter alia*, releases and discharges SLTG and the BOB Business from any claims relating to the shares of SLTG (and the Economic Interest in relation thereto), the BOB Land or the assets or business of SLTG on the terms set out therein
"**Release and Discharge by Registered Shareholders (BL)**"	:	Deeds of agreement and release dated 20 November 2017 and entered into between CIL, BL MM Co, BL SPV and each of the CIL Registered Shareholders, pursuant to which each CIL Registered Shareholder, *inter alia*, releases and discharges CIL and the BL Business from any claims relating to the shares of CIL (and the Economic Interest in relation thereto), the BL Land or the assets or business of CIL on the terms set out therein
"**Release and Discharge by Registered Shareholders (DMC)**"	:	Deeds of agreement and release dated 20 November 2017 and entered into between AHTT, DMC SPV and each of the Original AHTT Registered Shareholders, pursuant to which each Original AHTT Registered Shareholder, *inter alia*, releases and discharges AHTT and the DMC Business from any claims relating to the shares of AHTT (and the Economic Interest in relation thereto) or the assets or business of AHTT on the terms set out therein

"**Release and Discharge by Registered Shareholders (HAL)**"	:	Deeds of agreement and release dated 20 November 2017 and entered into between TLH, HAL MM Co, HAL SPV and each of the TLH Registered Shareholders, pursuant to which each TLH Registered Shareholder, *inter alia*, releases and discharges TLH and the HAL Business from any claims relating the shares of TLH (and the Economic Interest in relation thereto), the HAL Land or the assets or business of TLH on the terms set out therein
"**Release and Discharge by Registered Shareholders (PHL)**"	:	Deeds of agreement and release dated 20 November 2017 and entered into between PHLHML, PHL, PHL SPV and each of the PHL Registered Shareholder, pursuant to which each PHL Registered Shareholder, *inter alia*, releases and discharges PHL and the PHL Business from any claims relating to the PHL Land or the assets or business of the PHL Business on the terms set out therein
"**Release and Discharge by Vendors (BOB)**"	:	Deeds of agreement and release dated 20 November 2017 and entered into between SLTG, BOB SPV and the BOB Vendors, pursuant to which the BOB Vendors, *inter alia*, releases and discharges SLTG and the BOB Business from any claims relating to the shares of SLTG (and the Economic Interest in relation thereto), the BOB Land or the assets or business of SLTG on the terms set out therein
"**Release and Discharge by Vendors (BL)**"	:	Deeds of agreement and release dated 20 November 2017 and entered into between CIL, BL MM Co, BL SPV and the BL Vendors, pursuant to which the BL Vendors, *inter alia*, releases and discharges CIL and the BL Business from any claims relating to the shares of CIL (and the Economic Interest in relation thereto), the BL Land or the assets or business of CIL on the terms set out therein
"**Release and Discharge by Vendors (DMC)**"	:	Deed of agreement and release dated 20 November 2017 and entered into between AHTT, DMC SPV and the Corporate Vendor pursuant to which the Corporate Vendor, *inter alia*, releases and discharges AHTT and the DMC Business from any claims relating to the shares of AHTT (and the Economic Interests in relation thereto) or the assets or business of AHTT on the terms set out therein
"**Release and Discharge by Vendors (HAL)**"	:	Deed of agreement and release dated 20 November 2017 and entered into between TLH, HAL MM Co, HAL SPV and the Corporate Vendor, pursuant to which the Corporate Vendor, *inter alia*, releases and discharges TLH and the HAL Business from any claims relating to the shares of TLH (and the Economic Interests in relation thereto) the HAL Land or the assets or business of TLH on the terms set out therein

"**Release and Discharge by Vendors (PHL)**"	:	Deed of agreement and release dated 20 November 2017 and entered into between PHL, PHLHML, PHL SPV and the PHL Vendor pursuant to which the PHL Vendor, *inter alia*, releases and discharges PHL SPV, PHLHML and the PHL Business from any claims relating to the shares of PHLHML (and the Economic Interest in relation thereto), the PHL Land, or the assets or business of the PHL Business on the terms set out therein
"Release Schedule"	:	In relation to an Award, a schedule in such form as the New Remuneration Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be released on the performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period
"**Relevant Authority**"	:	In relation to the doing of any act or the conduct of any activity, business or transaction in Myanmar, the relevant governmental authority (or authorities) or ministry (or ministries) in Myanmar having charge of, and/or having regulatory authority or control over the doing of such act or the conduct of such activity, business or transaction
"**Relevant Land**"	:	Depending on the context, the BOB Land, PHL Land, the BL Land and/or HAL Land
"**Relevant MIC Approvals**"	:	The relevant MIC Permit, MIC Endorsement or other approval required from the MIC in connection with the Restructuring which in relation to: (i) the BOB Business, is the BOB MIC Endorsement; (ii) the PHL Business, is the Amended PHLHML MIC Permit; (iii) the HAL Business, is the MIC Endorsement under the MIL for the investment activity of HAL SPV and the Long Term Lease of the HAL Land; (iv) the BL Business, is the MIC Endorsement under the MIL for the investment activity of BL SPV and the Long Term Lease of the BL Land or the MIC Permit for BL SPV's investment in the BL Business; and (v) the DMC Business, is not applicable as no MIC Permit, MIC Endorsement or MIC Approval is required for such Restructuring
"**Relevant Period**"	:	Has the meaning ascribed to it in Section 10 of Part B of this Circular

"**Relevant Proportion**"	:	The proportion of the Vendors' shareholding interests in MM Myanmar as set out in Section 2.1.2 of Part A of this Circular
"**Relevant Transactions**"	:	The transactions for restructuring of the relevant Asset Holding Companies and/or Memories Businesses which transactions are expressed to be effected under the terms and conditions of the Deeds of Assignment, POAs, SPAs and APAs
"**Relevant Value**"	:	The minimum amount of consideration permitted under the Applicable Laws at the relevant time for a legally valid and binding transfer or assignment or lease (as the case may be) of the relevant asset
"**Relevant Vendor Parties**"	:	YSIL, FMI, ACE PAO and JMR
"**Residual Interest**"	:	Such residual interest in title/interest remaining in the grantor of a lease and/or title holder in respect of the relevant land/property after the expiry of the Long Term Lease whether by effluxion of time or otherwise
"**Restricted Business**"	:	Has the meaning ascribed to it in Section 2.8.6 of Part A of this Circular
"**Restricted Business Undertaking**"	:	Has the meaning ascribed to it in Section 2.8.6 of Part A of this Circular
"**Restricted Zone**"	:	Has the meaning ascribed to it in Section 5.16.7 of Part B of this Circular
"**Restructuring**"	:	The restructuring of the interests of the Vendors in relation to the Memories Businesses resulting in MM Myanmar acquiring (through the relevant Memories Group Companies) such interests in the relevant Memories Group Companies and resulting in the establishment of the Corporate Structure, as further elaborated in Section 2.12 of Part A of this Circular and Section 3.4 of Part B of this Circular
"**Restructuring Completion**"	:	The completion of such steps or transactions under the Restructuring as at the Latest Practicable Date involving, *inter alia*, Completion of the PHLHML SPA, Completion of the BOB SPA and Completion of the DMC SPA and execution and delivery of the BOB DOA, BOB POA, BL DOA, BL POA, HAL DOA, HAL POA, DMC DOA and DMC POA (and excluding for the avoidance of doubt, the Completion of the HAL APA and the Completion of the BL APA) and the Assignment of ACTA, Assignment of CIL Liabilities and Assignment of TLH Liabilities

"**Restructuring Documents**"	:	Include each or any of the following documents: (i) **BOB Business** (a) BOB SPA; (b) BOB DOA; (c) BOB POA; (d) Option to Acquire SLTG Shares; (e) BOB Land Agreement; (f) Short Term Lease of the 5 Plots of BOB Land and 4 Plots of BOB Land; (g) Release and Discharge by Previous Interest Holders (BOB); (h) Release and Discharge by Registered Shareholders (BOB); (i) Release and Discharge by Vendors (BOB); (j) Long Term Lease of the 5 Plots of BOB Land and 4 Plots of BOB Land; (k) Option to Acquire the 5 Plots of BOB Land and 4 Plots of BOB Land; (ii) **PHL Business** (a) PHLHML SPA; (b) Option to Acquire PHL Land; (c) Option to Acquire PHL Shares; (d) Deed of Assignment of ACTA; (e) Release and Discharge by Registered Shareholders (PHL); (f) Release and Discharge by Vendors (PHL);

(iii) **BL Business**

(a) BL APA;

(b) BL DOA;

(c) BL POA;

(d) CIL Undertaking;

(e) Deed of Assignment of CIL Liabilities;

(f) Release and Discharge by Previous Interest Holders (BL);

(g) Release and Discharge by Registered Shareholders (BL);

(h) Release and Discharge by Vendors (BL);

(i) Long Term Lease of BL Land;

(j) Option to Acquire BL Land;

(k) Option to Acquire CIL Shares;

(iv) **HAL Business**

(a) HAL APA;

(b) HAL DOA;

(c) HAL POA;

(d) HAL Business Declaration of Trust;

(e) HAL Land Grantee Undertaking;

(f) Deed of Assignment of TLH Liabilities;

(g) Release and Discharge by Previous Interest Holders (HAL);

(h) Release and Discharge by Registered Shareholders (HAL);

(i) Release and Discharge by Vendors (HAL);

(j) Long Term Lease of HAL Land;

(k) Option to Acquire HAL Land;

(l) Option to Acquire TLH Shares;

(v) **DMC Business**

(a) DMC SPA;

(b) DMC DOA;

(c) DMC POA;

(d) Option to Acquire AHTT Shares;

(e) Release and Discharge by Previous Interest Holders (DMC);

(f) Release and Discharge by Registered Shareholders (DMC); and

(g) Release and Discharge by Vendors (DMC)

"**Restricted List**"	:	MIC Notification no. 15/2017 issued on 10 April 2017
"**Robin C. Lee**"	:	Mr Robin Lee Chye Beng
"**ROFO Undertaking**"	:	Has the meaning ascribed to it in Section 2.8.7 of Part A of this Circular
"**RTO SPA**"	:	The Original SPA as amended and restated under the Supplemental SPA
"**Sale Shares**"	:	100.0% of the issued and paid up ordinary shares in the share capital of MM Myanmar
"**Securities Account**"	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
"**SECT**"	:	The standard employment contract template as stipulated under Notification No. 140/2017 (which repealed Notification No. 1/2015) issued by the Ministry of Labor
"**Serge Pun**"	:	Mr Serge Pun @ Theim Wai
"**Services Segment**"	:	Such part of the Memories Group's businesses which are engaged in destination management services business in Myanmar. As at the Latest Practicable Date, the Services Segment comprises the DMC Business
"**SFA**"	:	The Securities and Futures Act, (Chapter 289) of Singapore, as may be amended or modified from time to time

"**SFRS**"	:	Singapore Financial Reporting Standards
"**SGXNET**"	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"**Share Option**	:	Depending on the context, all or any of the Option to acquire AHTT Shares, Option to acquire CIL Shares, Option to acquire TLH Shares and Option to acquire PHL Shares
"**Shares**"	:	Ordinary shares in the issued and paid-up share capital of the Company and, depending on the context, shall refer to the Pre-Consolidated Shares or Consolidated Shares (as the case may be) and "**Share**" shall be construed accordingly
"**Shareholders**"	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares
"**SHC Capital Reduction**"	:	Has the meaning ascribed to it in Section 2.8.4 of Part A of this Circular
"**Short Term Lease**" **or** "**ST Lease**"	:	In relation to any land, a one-year lease of such land (and if applicable) renewable for successive periods of one year each
"**Singapore**"	:	The Republic of Singapore
"**SLTG MCIL MIC Permit**"	:	The MIC Permit previously issued to SLTG under the MCIL
"**SPA**"	:	(For purposes of the Restructuring) depending on the context, all or any of the BOB SPA, DMC SPA and PHLHML SPA
"**SPA Exchange Rate**"	:	US$1.00 to S$1.3773, being the agreed exchange rate between US$ and S$ in the Original SPA
"**Special Resolution**"	:	Special Resolution 1 as set out in the Notice of Extraordinary General Meeting
"**Stamp Act**"	:	Has the meaning ascribed to it in Section 13 of Part B of this Circular
"**Steven Teo**"	:	Mr Teo Yiam Beng

"**Subsidiary**"	:	In respect of any person, means any entity controlled directly or indirectly by such person, such control being evidenced by (i) the ownership of more than 50.0% of the shares of such entity; or (ii) the ability to control the composition of the majority of the board of directors of such entity; or (iii) the ability to exercise or control the exercise of more than 50.0% of the voting rights of such entity
"**Substantial Shareholder**"	:	A person who has direct or deemed or indirect interests in one (1) or more voting shares (excluding treasury shares) of a company's issued share capital, and the total votes attached to such shares is not less than 5.0% of the total votes attached to all the voting shares (excluding treasury shares) in the company
"**Supplemental Announcement**"	:	The announcement dated 17 August 2017 in relation to the Supplemental SPA
"**Supplemental SPA**"	:	The amending and restatement deed entered into between the Company and the Vendors dated 17 August 2017, *inter alia*, to amend and restate the Original SPA
"**Tax**", "**Taxes**" or "**Taxation**"	:	All forms of taxation, past, present and future (including, without limitation, capital gains tax, income tax, commercial tax, business tax, value added tax, consumption tax, land use tax, building tax, advance tax, undisclosed source of income tax, stamp duty, deeds tax, customs and excise and other import or export duties) and all other statutory, governmental or state impositions, duties, charges, withholdings, deductions, rates, levies, social security contributions and levies and all penalties, fees, expenses, charges, costs and interest relating to or arising in connection with, any claim for such taxes whether imposed by Singapore, Myanmar or any other jurisdiction
"**TIPRA**"	:	Transfer of Immovable Property Restriction Act 1987
"**TLH Liabilities**"	:	Has the meaning ascribed to it in Section 2.11 of Part A of this Circular
"**Transaction Expenses**"	:	Has the meaning ascribed to it in Section 2.8.2 of Part A of this Circular
"**Treasury Share**"	:	A Share (a) which was (or is treated as having been) purchased by a company in circumstances in which Section 76H of the Companies Act applies; and (b) has been held by the company continuously since the treasury share was so purchased

"**Unaudited Interim Financial Statements of the PHL, SLTG, CIL, TLH and AHTT for 3M2018**"	:	Collectively refer to (i) Unaudited Interim Financial Statements of Pun Hlaing Lodge Limited for the Three-Month Period Ended 30 June 2017; (ii) Unaudited Interim Financial Statements of Shwe Lay Ta Gun Travels & Tours Company Limited for the Three-Month Period Ended 30 June 2017; (iii) Unaudited Interim Financial Statements of Chindwin Investments Limited for the Three-Month Period Ended 30 June 2017; (iv) Unaudited Interim Financial Statements of Traditional Lodge Hotel Company Limited for the Three-Month Period Ended 30 June 2017; and (v) Unaudited Interim Financial Statements of Asia Holidays Travels & Tours Company Limited for the Three-Month Period Ended 30 June 2017
"**Vendors**"	:	Each or any of the following: (i) the HAL Vendor in relation to the HAL Business; (ii) the DMC Vendor in relation to the DMC Business; (iii) the BOB Vendors in relation to the BOB Business; (iv) the PHL Vendor in relation to the PHL Business; and (v) the BL Vendors in relation to the BL Business
"**Vendors Concert Party Group**"	:	In relation to the Proposed Whitewash Resolution, the Vendors, the Corporate Vendor Nominees and their respective concert parties, as further elaborated in Section 3 of Part A of this Circular
"**Vendor Placement Shares**"	:	Has the meaning ascribed to it in Section 5.2 of Part A of this Circular
"**Vendor's Restricted Period**"	:	In relation to a Vendor, such period where it holds not less than 5.0% of the then prevailing total issued Shares (excluding Treasury Shares) of the Company and for an additional period of 12 months after a Vendor ceases to hold not less than 5.0% of the then prevailing total issued ordinary shares (excluding Treasury Shares) of the Company
"**VL Business**"	:	The business of Viewpoint Lodge, a hotel/resort located in the South Shan State in Inle Lake, Myanmar, which is the subject of the VL Business Undertaking
"**VL Business Undertaking**"	:	Has the meaning ascribed to it in Section 2.8.5 of Part A of this Circular
"**Warrantors**" or "**Warrantor**"	:	Has the meaning ascribed to it in Section 2.8.1 of Part A of this Circular

"**Warrantors' Warranties**"	:	The representations and warranties made or given by the Warrantors under the RTO SPA
"**Whitewash Waiver**"	:	The waiver granted by the SIC of the requirements for the Vendors Concert Party Group and their respective concert parties to make a mandatory general offer for the Company under Rule 14 of the Code arising from their acquisition of the Consideration Shares under the Proposed Acquisition

Currencies, units of measurement and others

"**%**" or "**per cent.**"	:	Percentage or per centum
"**GBP**"	:	Great British Pound, representing the lawful currency of the United Kingdom
"**Kyat**"	:	Kyat, representing the lawful currency of Myanmar
"**SGD**" or "**S$**" and "**cents**"	:	Singapore dollars and cents respectively, representing the lawful currency of the Singapore
"**USD**" or "**US$**" and "**US cents**"	:	US dollars and cents respectively, representing the lawful currency of the United States of America

The terms "acting in concert", "concert parties", "associates" and "whitewash resolution" shall have the meanings ascribed to them respectively in the Code.

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

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 genders and vice versa. References to persons shall, where applicable, include corporations.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated. Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Code, the Act, the SFA, the Listing Manual, the Catalist Rules or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning ascribed to it under the Code, the Act, the SFA, the Listing Manual, the Catalist Rules or such modification thereof, as the case may be.

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

To facilitate a better understanding of the Memories Group's businesses, set out in the following is a glossary of certain terms and abbreviations used in this Circular. The terms and abbreviations and their assigned meanings should not be treated as being definitive of their meanings, and may not correspond to standard industry or common meanings or usage, as the case may be, or usage of these terms and abbreviations.

"**basket**"	:	In relation to a hot-air balloon, the basket refers to the open-air passenger vessels attached to the envelope
"**distribution network**"	:	Distribution networks refer to distribution channels such as TourCom Network and Selectour SA which allow travel agents to connect with DMCs and purchase destination management services in a range of destinations
"**DMC**"	:	Destination management company. A DMC is a travel company with extensive local knowledge, expertise and resources and specialises in the design and implementation of events, activities, tours, transportation and program logistics for such local tourism market AHTT is a DMC operating in Myanmar
"**envelope**"	:	In relation to a hot-air balloon, the envelope refers to the inflatable fabric bag that is attached to the basket
"**FIT**"	:	Fully Independent Traveller FITs refer to individual tourists travelling independently, designing their own itinerary and making their own travel arrangements without being part of any group or imposed schedule organised by travel agents or otherwise
"**online travel platforms**" or "**online distribution channels**"	:	Online travel platforms or online distribution channels refer to internet booking engines that allows consumers and travel agents to book flights, hotels, holiday packages, insurance and other services online
"**travel agents**" or "**tour operators**"	:	Travel agents provide travel and tourism related products and services to the end travellers or consumers, including the sale of packaged tours and activities, flights, car rentals, cruise lines, accommodation, and/or travel insurance For tours or travels to overseas destinations, travel agents typically work with local DMCs in such destinations to arrange and offer packaged tours and activities to end travelers or consumers The customers of the DMC Business mainly comprise overseas travel agents

		The customers of BOB Business and HAL Business mainly comprise travel agents in Myanmar who are DMCs
"**MICE**"	:	Meetings, Incentives, Conferences, and Events MICE refers to the type of tourism in which large groups, usually planned well in advance, are brought together for a particular purpose, typically for professional or educational meetings, conferences and events

All statements contained in this Circular, statements made in the press releases and oral statements that may be made by the Company or its Existing Directors or key executives or employees acting on the Company's behalf, and/or the Vendors, the Proposed Directors, the directors or key executives or employees acting on behalf of the Memories Group Companies that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by words that are biased or by forward-looking terms such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "possible", "probable", "project", "plan", "should", "will", "would" and or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Company, the Memories Group Companies and/or the Enlarged Group are forward-looking statements. These forward-looking statements, including but not limited to, statements as to:

(a) revenue and profitability;

(b) any expected growth;

(c) expected industry prospects and trends;

(d) future expansion plans; and

(e) other matters discussed in this Circular regarding matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, the Memories Group Companies and/or the Enlarged Group to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risk factors and uncertainties are discussed in more detail in this Circular, in particular, but not limited to, the discussions under the sections entitled "Risk Factors" in Section 16 of Part A of this Circular and Section 8 of Part B of this Circular and Section 7 entitled "Management's Discussion and Analysis of Results of Operations and Financial Position of the Memories Group" of Part B of this Circular. All forward-looking statements by or attributable to the Company, the Memories Group Companies and the Enlarged Group, or persons acting on the Company's and the Memories Group Companies' behalf, contained in this Circular are expressly qualified in their entirety by such facts.

Market and Industry Information

The Company, the Vendors, the Memories Group Companies and their respective directors, executive officers and the Proposed Directors have derived certain facts and statistics in this Circular relating to the Memories Businesses from various publicly-available industry, government and research publications. This Circular also includes industry data and forecasts that the Company, the Vendors, the Memories Group Companies and their respective directors, executive officers and the Proposed Directors have obtained from industry publications and surveys, reports of governmental agencies and internal company surveys. The Company, the Vendors, the Memories Group Companies and their respective directors, executive officers and the Proposed Directors have taken reasonable actions to ensure that the facts and statistical data used in this Circular have been extracted from their respective sources in their proper form and context. However, the Company, the Vendors, the Memories Group Companies and their respective directors, executive officers and the Proposed Directors have not verified the accuracy of the information extracted and do not make any representation as to its accuracy. None of the Company, the Vendors, the Memories Group Companies and their respective directors, executive

officers and the Proposed Directors have obtained the specific consent of these sources for the inclusion of such information in this Circular unless otherwise specified. The Company, the Vendors, the Memories Group Companies and their respective directors, executive officers and the Proposed Directors are also not aware of any disclaimers made by these sources in relation to reliance on such information.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Company, the Memories Group Companies and/or the Enlarged Group to be materially different than expected, expressed or implied by the forward-looking statements in this Circular, you are advised not to place undue reliance on those statements.

None of the Company, the Vendors, the Memories Group Companies, their respective directors and executive officers, the Proposed Directors, the Financial Adviser, Sponsor and Placement Agent or any other person represents or warrants to you that the actual future results, performance or achievements of the Company, the Memories Group Companies or the Enlarged Group will be as discussed in those statements. The actual results of the Company, the Memories Group Companies or the Enlarged Group may differ materially from those anticipated in these forward-looking statements. Further, the Company, the Vendors, the Memories Group Companies and their respective related corporations and the Financial Adviser, Sponsor and Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any regulatory or supervisory body or agency. The Company, the Vendors, the Memories Group Companies and their respective related corporations are, however, subject to the provisions of the SFA, the Listing Manual and the Catalist Rules (each as applicable) regarding corporate disclosure.

EXCHANGE RATES

As at the Latest Practicable Date, the closing exchange rate between US$ and S$ is US$1.00 to S$1.3602 and between US$ and Kyat is US$1.00 to Kyat 1,355. The agreed exchange rate between US$ and S$ in the Original SPA is US$1.00 to S$1.3773.

The following table set forth, for each of the financial periods indicated, the average and closing exchange rates. The average exchange rate has been calculated using the average of the exchange rates on the last day of each month during each year or period.

	US$: S$		US$: Kyat	
Period[1]	**Average**	**Closing**	**Average**	**Closing**
FY2015	1.2942	1.3723	1,004	1,078
FY2016	1.3862	1.3483	1,228	1,216
FY2017	1.3846	1.3970	1,269	1,359
3M2017	1.3564	1.3472	1,177	1,175
3M2018	1.3865	1.3762	1,354	1,354

Source: Bloomberg

Note:

(1) Based on the financial year end of the Memories Group being 31 March.

The following table sets out the highest and lowest exchange rates for (i) US$ and S$; and (ii) US$ and Kyat, for each of the past six (6) calendar months prior to the Latest Practicable Date. The table indicates the amount of S$ and Kyat it would take to buy one (1) US dollar respectively:

	US$: S$		US$: Kyat	
Month	**Highest**	**Lowest**	**Highest**	**Lowest**
May 2017	1.4118	1.3815	1,364	1,348
June 2017	1.3900	1.3755	1,367	1,348
July 2017	1.3848	1.3553	1,366	1,354
August 2017	1.3669	1.3536	1,361	1,351
September 2017	1.3594	1.3399	1,360	1,346
October 2017	1.3674	1.3492	1,366	1,348
November 2017[1]	1.3649	1.3590	1,365	1,354

Source: Bloomberg

Note:

(1) For the period from 1 November 2017 to the Latest Practicable Date.

EXCHANGE RATES

The exchange rates quoted in the tables above are quoted from Bloomberg, and are provided solely for information and should not be construed as representations that the US$ amounts actually represent such S$ or Kyat amounts or could be converted into S$ or Kyat at the rates indicated, or at any other rate, or at all.

Bloomberg has not consented to the inclusion of the exchange rates quoted in this Section and it is therefore not liable for these statements under Sections 253 and 254 of the SFA. While the Existing Directors have taken reasonable actions to ensure that the information attributed to the abovementioned sources is reproduced in its proper form and context, and that the information is extracted accurately, there is no independent review of the information extracted or verification of the accuracy of such information.

Where applicable, the exchange rates in these tables are used for translation of financial information disclosed elsewhere in this Circular. In certain parts of this Circular, US$ amounts have been converted into S$ amounts for the convenience of Shareholders, as appropriate.

TAKE-OVER LIMITS

The Enlarged Group, upon Completion, will be subject to the Catalist Rules regarding corporate disclosure and continuing listing requirements.

The Code regulates the acquisition of ordinary shares of, *inter alia*, corporations with a listing on the SGX-ST, including the Company. Except with the consent of the SIC, where:

(a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by parties acting in concert with him) carry 30.0% or more of the voting rights of the company; or

(b) any person who, together with parties acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any party acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights,

such person must extend a mandatory general offer immediately to the shareholders for the remaining shares of the company in accordance with the provisions of the Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In general, the acquisition of instruments convertible into securities which carry voting rights does not give rise to an obligation to make a mandatory general offer under the Code but the exercise of any conversion rights will be considered an acquisition of voting rights for the purposes of the Code.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory general offer under the Code as a result of the Proposed Transactions should consult the SIC and/or their professional advisers.

INDICATIVE TIMETABLE

The following indicative timetable assumes the approval for all resolutions proposed at the EGM is obtained on Monday, 18 December 2017 and Completion takes place by 26 December 2017:

Date and time of the EGM	:	18 December 2017
Expected date of Completion of the Proposed Acquisition	:	26 December 2017
Expected date of suspension of trading of the Shares	:	26 December 2017
Expected date of lodgement of the offer information statement in relation to the Proposed Compliance Placement	:	27 December 2017
Expected Books Closure Date in relation to the Proposed Share Consolidation	:	22 December 2017
Expected effective date of the Proposed Share Consolidation	:	26 December 2017
Expected date of completion of the Proposed Compliance Placement	:	3 January 2018
Expected date of the resumption of trading of the Shares	:	5 January 2018

Shareholders should note that the dates above which are stated to be "expected" are indicative only and may be subject to change. Please refer to future announcement(s) by the Company on the SGXNET for the exact dates and times of these events. Where necessary, the Company may announce any changes to the timetable through the SGX-ST's website at http://www.sgx.com.

Directors

Mr Teo Soo Kiat (Chairman and Interim Chief Executive Officer)
Mr Teo Soo Chew (Non-Executive and Non-Independent Director)
Mr Teo Chiang Khai (Non-Executive and Non-Independent Director)
Mr Teo Hsi Leang (Non-Executive and Non-Independent Director)
Mr Ng Fook Ai, Victor (Non-Executive and Lead Independent Director)
Mr Teo Eu Jin, Nicholas (Non-Executive and Independent Director)

Registered Office

302 Orchard Road
#10-01
Singapore 238862

SHC CAPITAL ASIA LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201201631D)

20 November 2017

To: The Shareholders of SHC Capital Asia Limited

Dear Sir/Madam

1. **THE PROPOSED ACQUISITION OF 100% EQUITY INTERESTS IN MM MYANMAR PTE. LTD. FROM YOMA STRATEGIC INVESTMENTS LTD., FIRST MYANMAR INVESTMENT COMPANY LIMITED AND EXEMPLARY VENTURES LIMITED;**

2. **THE PROPOSED SHARE CONSOLIDATION OF EVERY SEVEN (7) PRE-CONSOLIDATED SHARES INTO ONE (1) CONSOLIDATED SHARE (FRACTIONAL ENTITLEMENTS TO BE DISREGARDED);**

3. **THE PROPOSED ALLOTMENT AND ISSUE OF 264,997,065 CONSIDERATION SHARES PURSUANT TO THE PROPOSED ACQUISITION;**

4. **THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 93,000,000 COMPANY PLACEMENT SHARES PURSUANT TO THE PROPOSED COMPLIANCE PLACEMENT;**

5. **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHT OF INDEPENDENT SHAREHOLDERS (BEING SHAREHOLDERS OTHER THAN THE VENDORS CONCERT PARTY GROUP AND THEIR CONCERT PARTIES) TO RECEIVE A MANDATORY GENERAL OFFER FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE VENDORS CONCERT PARTY GROUP;**

6. **THE PROPOSED IPT MANDATE;**

7. **THE PROPOSED APPOINTMENT OF THE PROPOSED DIRECTORS TO THE NEW BOARD UPON COMPLETION OF THE PROPOSED ACQUISITION;**

8. **THE PROPOSED SHARE ISSUE MANDATE;**

9. **THE PROPOSED ADOPTION OF THE MEMORIES PSP;**

10. **THE PROPOSED CHANGE OF INDEPENDENT AUDITOR;**

11. **THE PROPOSED PAYMENT OF DIRECTORS' FEES TO THE EXISTING BOARD; AND**

12. **THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM "SHC CAPITAL ASIA LIMITED" TO "MEMORIES GROUP LIMITED".**

A1. Introduction

1.1 Background

The Board of Directors announced that the Company had on 24 October 2016 entered into the Original SPA with the Vendors pursuant to which the Company shall acquire from the Vendors the Sale Shares of Target for a consideration of S$70,675,130 to be satisfied in full by the allotment and issue of the 268,726,731 Consideration Shares at the Issue Price of S$0.263 per Consideration Share. On 22 December 2016, the Company announced the nomination of JMR and ACE PAO as the Corporate Vendor Nominees by the Corporate Vendor and on 24 December 2016, the Company announced the incorporation of the relevant companies that were designated as the "Target" and the "SingCo SPVs" contemplated under the Restructuring. On 30 June 2017, the Company announced the extension of the Long Stop Date to 30 September 2017.

The Board of Directors announced that the Company had on 17 August 2017 entered into the Supplemental SPA with the Vendors pursuant to which, *inter alia*:

(i) the Purchase Consideration for the purchase of the Sale Shares has been reduced from S$70,675,130 to S$69,694,228, for reasons as further elaborated in Section 2.1.2 of Part A of this Circular.

Following the reduction to the Purchase Consideration as aforesaid, the number of Consideration Shares to be allotted and issued to the Relevant Vendor Parties has been reduced by 3,729,666 Shares from 268,726,731 Consideration Shares to 264,997,065 Consideration Shares at the Issue Price of S$0.263 per Consideration Share, to be allocated amongst the Relevant Vendor Parties in the following proportion:

Relevant Vendor Parties	Number of Consideration Shares
YSIL	167,078,848
FMI	41,947,426
JMR	14,839,271
ACE PAO	41,131,520
Total	**264,997,065**

Further, following the reduction of the Purchase Consideration, the limit of the Maximum Liability applicable for any and all breaches of Warrantors' Warranties and breaches of covenants and undertakings in relation to the DMC Business has been reduced from S$6,555,948 to S$5,869,317.

(ii) the Company agreed with the Vendors on certain modifications to the restructuring of the Vendors' interests in the Memories Businesses from that as originally defined or otherwise contemplated under the Original SPA, as further elaborated in Section 2.11 of Part A of this Circular.

The Board of Directors also announced that the Company had on 17 August 2017 entered into the JMR Deed of Undertaking and Warranty with JMR pursuant to which, *inter alia*, JMR has acceded to and/or agreed to be bound by the Warrantors' Warranties and certain indemnities in relation to the HAL Business and DMC Business as set out under the Original SPA, the Restricted Business Undertaking, ROFO Undertaking and Management Rights Opportunity Undertaking in favour of the Company, which the Corporate Vendor was supposed to procure JMR to do under the terms of the Original SPA.

On 29 September 2017, the Board of Directors announced the extension of the Long Stop Date to 31 December 2017, and also announced that the Company had agreed with JMR on certain amendments to the JMR Deed of Undertaking and Warranty with effect from 29 September 2017, in particular, for JMR to warrant and represent and undertake that he may not increase his percentage in the economic or ownership interests in the VL Business and the ACF Business without the approval of the New Audit Committee.

On 20 November 2017, the Board of Directors announced, *inter alia*, that the Company had on 20 November 2017 entered into:

(i) the Buyback Undertaking (BL Business and BOB Business) with YSIL and FMI in relation to the BL Business and the BOB Business, for reasons as further elaborated in Section 2.13 of Part A of this Circular; and

(ii) the Buyback Undertaking (HAL Business) with the Corporate Vendor in relation to the HAL Business, for reasons as further elaborated in Section 2.13 of Part A of this Circular.

In connection with the Proposed Acquisition, the Company will be seeking the approval of Shareholders for the Proposed Transactions at the EGM to be held at 442 Orchard Road, Level 3 Orchard Ballroom 3, Singapore 238879 on Monday, 18 December 2017 at 2.30 p.m..

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information pertaining to the Proposed Transactions for which the approval of the Shareholders will be sought at the EGM.

This Circular has been prepared solely for the aforesaid purposes and may not be relied upon by any persons (other than Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.

The SGX-ST assumes 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 or opinions expressed in this Circular.

1.3 Submission to the SGX-ST

On 30 August 2017, the Sponsor had submitted the pre-admission notification to the SGX-ST. A copy of this Circular has been lodged by the Sponsor with the SGX-ST, acting as agent on behalf of the Authority, on 20 November 2017 for posting on the SGX-ST website.

Pursuant to Appendix 4F of the Catalist Rules, the SGX-ST is expected to issue a listing and quotation notice in respect of the Consolidated Shares, the Consideration Shares, the Company Placement Shares and the Performance Shares upon lodgement of this Circular with the SGX-ST, acting as agent or on behalf of the Authority.

It should be noted that the listing and quotation notice issued by the SGX-ST is in no way reflective of the merits of any of the Proposed Transactions, the Memories Group, the Enlarged Group, the Company, the Shares, the Consolidated Shares, the Consideration Shares, the Company Placement Shares or the Performance Shares.

1.4 Inter-Conditionality of Resolutions

Shareholders should note that:

(a) the Key Resolutions are inter-conditional. This means that if any of the Key Resolutions are not approved, the other Key Resolutions will not be duly passed; and

(b) Ordinary Resolutions 9 to 12 relating to the appointments of the Proposed Directors, other than Mr Serge Pun and Mr Michel Novatin, and Ordinary Resolution 13 relating to the Proposed Share Issue Mandate, Ordinary Resolution 14 relating to the Proposed Adoption of the Memories PSP and Ordinary Resolution 15 relating to the Proposed Change of Independent Auditor are conditional upon the passing of the Key Resolutions.

The Key Resolutions are inter-conditional as the subject matter of Ordinary Resolution 1 (to approve the Proposed Acquisition), Ordinary Resolution 2 (to approve the Proposed Share Consolidation), Ordinary Resolution 3 (to approve the Proposed Allotment and Issue of 264,997,065 Consideration Shares pursuant to the Proposed Acquisition), Ordinary Resolution 4 (to approve the Proposed Allotment and Issue of up to 93,000,000 Company Placement Shares pursuant to the Proposed Compliance Placement), Ordinary Resolution 5 (to approve the Proposed Whitewash Resolution), Ordinary Resolution 6 (to approve the Proposed IPT Mandate) of the Key Resolutions are substantially related in connection with the Proposed Acquisition, while Ordinary Resolution 7 (to approve the proposed appointment of Mr Serge Pun to the New Board) and Ordinary Resolution 8 (to approve the proposed appointment of Mr Michel Novatin to the New Board) are necessary as Mr Serge Pun as the proposed Executive Chairman and Mr Michel Novatin as the Proposed CEO are key persons in the management of the Enlarged Group and Special Resolution 1 (to approve the Proposed Change of Name) is part of the Enlarged Group's strategy for the rebranding of the Enlarged Group and its business.

A2. Proposed Acquisition

2.1 Overview of the Principal Terms

2.1.1 RTO SPA

Subject to and upon the terms and conditions of the RTO SPA, the Company shall purchase from the Vendors and the Vendors shall, in consideration of the allotment and issue of Consideration Shares at the Issue Price of S$0.263 per Consideration Share, as legal and beneficial owners, transfer to the Company, all and not only some of the Sale Shares, free from all encumbrances, and with the benefit of all rights, benefits and entitlements attaching thereto with effect from the date of Completion of the Proposed Acquisition.

The Issue Price is determined based on, *inter alia*, ascribing a value of S$11.5 million to the Company (assuming that the Company has effected the SHC Capital Reduction, save for, *inter alia*, the cash balance of S$5.0 million which the Company is supposed to retain as part of its cash reserves at Completion, while taking into consideration the Proposed Share Consolidation).

The Issue Price of S$0.263 per Consideration Share is determined on the basis of post-Proposed Share Consolidation. At a pre-Proposed Share Consolidation basis, the Issue Price of S$0.263, amounted to S$0.0376, which is a discount of approximately 67.6% to the volume weighted average price of the Shares of S$0.116 on 10 October 2016, being the last traded day immediately preceding the First Announcement.

As the relative figures under Rule 1006(c) and 1006(d) of the Catalist Rules exceeds 100.0% in relation to the Proposed Acquisition and given that there will be a change in control of the Company immediately upon the Completion of the Proposed Acquisition. Accordingly, the Proposed Acquisition would therefore constitute a "Reverse Takeover" transaction pursuant to the Catalist Rules and is subject to, *inter alia*, the approval of the Shareholders at the EGM.

2.1.2 Consideration

The Purchase Consideration of S$69,694,228 was arrived at after arm's length negotiations between the Company and the Vendors, and on a willing-buyer and willing-seller basis, taking into account, *inter alia*:

(i) the earnings, potential growth, relevant costs and cost of funding, value of property assets of the Memories Businesses;

(ii) the value of the Memories Businesses without any indebtedness or liabilities (whether actual or contingent) of the Asset Holding Companies and/or the Memories Businesses, save for indebtedness or liabilities of a trading nature in relation to the Memories Businesses, the PHL Loan, if applicable, and inter-company amounts owing within the Memories Group;

(iii) the acquisition of the PHL Business with the Pun Hlaing Lodge (which is currently under construction) on a partially completed basis;

(iv) the SPA Exchange Rate; and

(v) the effecting of the Restructuring Completion.

Due to MM Myanmar having to assume certain liabilities amounting to US$712,192 that were owing by the Corporate Vendor to AHTT ("**Assumed Liabilities**"), the Vendors and the Company have agreed under the terms of the Supplemental SPA to reduce the amount of the Purchase Consideration by S$980,902, which is the S$ equivalent of the Assumed Liabilities (based on the SPA Exchange Rate).

This is due to MM Myanmar having a lower share capital as a result of a reduced number of consideration shares being allotted and issued to the Corporate Vendor in relation to the injection of the HAL Business and DMC Business into MM Myanmar due to the offset of the Assumed Liabilities against the purchase consideration which was supposed to be received by the Corporate Vendor for the injection of the DMC Business.

Following the allotment and issue of 69,694,226 shares in MM Myanmar ("**MM Myanmar Consideration Shares**") on 17 August 2017, the number of Sale Shares to be sold by each of the Vendors and the relevant proportion ("**Relevant Proportion**") are set out as below:

Vendor	Number of Sale Shares	Relevant Proportion/ Shareholding Percentage in MM Myanmar (%)
YSIL	43,941,737	63.1
FMI	11,032,173	15.8
EVL	14,720,318	21.1
Total	**69,694,228**(1)	**100.0**

Note:

(1) The 69,694,228 Sale Shares comprise two (2) shares as at the date of incorporation of MM Myanmar and 69,694,226 MM Myanmar Consideration Shares.

Following the reduction to the Purchase Consideration, the aggregate number of Consideration Shares to be allotted and issued to YSIL, FMI and the Corporate Vendor Nominees has been reduced by 3,729,666 Consolidated Shares from 268,726,731 Consolidated Shares to 264,997,065 Consolidated Shares. Accordingly, the number of Consideration Shares to be allotted and issued to the Relevant Vendor Parties shall be as follows:

Relevant Vendor Parties	Number of Consideration Shares	Relevant proportion of Consideration Shares (%)
YSIL	167,078,848	63.1
FMI	41,947,426	15.8
JMR	14,839,271	5.6
ACE PAO	41,131,520	15.5
Total	**264,997,065**	**100.0**

The Consideration Shares shall be credited as fully-paid and shall rank *pari passu* in all respects with the then existing Shares.

For the avoidance of doubt, the Proposed Share Consolidation (further details of which are set out in Section 4 of Part A of this Circular) shall take place prior to the allotment and issue of the Consideration Shares.

2.2 Rationale

Following the completion of the disposal of its general insurance business, the Company became a cash company under Rule 1017 of the Catalist Rules with effect from 1 August 2014. Under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the Catalist if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company.

The Company had applied for and was granted by the SGX-ST further extensions of time to meet the requirements for a new listing as follows:

(i) On 21 August 2015, the Company was first granted an extension of time to meet the requirements for a new listing by 31 January 2016 for its then proposed acquisition of Tongda Medical Device Limited which was aborted on 2 November 2015;

(ii) On 28 January 2016, the Company was granted an extension of time to meet the requirements for a new listing by 31 December 2016 for the Proposed Acquisition. This has been further extended till 30 September 2017 as announced by the Company on 13 December 2016; and

(iii) On 25 September 2017, the Company was granted an extension of time to meet the requirements for a new listing by 31 December 2017, as announced by the Company on 26 September 2017.

The Existing Board is of the view that the Proposed Acquisition, if completed by the Company, will provide the Company with an opportunity to venture into a business with the potential for growth in the emerging market of Myanmar and accordingly, it is in the interests of the Company and its Shareholders to complete the Proposed Acquisition.

If the Proposed Acquisition is not completed, the Company will have to be delisted pursuant to Rule 1017 of the Catalist Rules and, in the absence of an exit cash offer by any party, the Company intends to undergo a voluntary liquidation and be wound up and dissolved thereafter.

2.3 Information on Vendors and Corporate Vendor Nominees

Salient details on the Vendors are as follows:

(i) YSIL, a public company limited by shares incorporated in Singapore, is an investment holding company. YSIL is a wholly-owned subsidiary of YSH, a company listed on the Mainboard of the SGX-ST.

(ii) FMI, a public company incorporated in Myanmar, is principally involved in the businesses of financial services, real estate and healthcare. FMI is listed on the Yangon Stock Exchange.

(iii) The Corporate Vendor, a company incorporated in the British Virgin Islands on 5 August 2016, is an investment holding company. As at the Latest Practicable Date, JMR is the sole shareholder of the Corporate Vendor holding the entire issued and paid capital of the company.

The Vendors' interest in the Memories Businesses (prior to the Restructuring Completion) arose from certain interests (including the entire Economic Interests) which they held in the Memories Businesses in the manner as set out below.

Memories Business	Vendors
BOB Business	YSIL and FMI (through their Affiliates in the proportion of 70.0% and 30.0%)
PHL Business	YSIL (100.0%)
BL Business	YSIL and FMI (through their Affiliates in the proportion of 70.0% and 30.0%)
HAL Business	Corporate Vendor (100.0%)(1)
DMC Business	Corporate Vendor (100.0%)(1)

Note:

(1) The interests of the Corporate Vendor in the DMC Business and the HAL Business arose after the completion of the Corporate Vendor Buyout, whereby the Corporate Vendor had acquired the interests (including the entire Economic Interests) of certain parties (including JMR) who used to hold interests in such businesses. Further details of the Corporate Vendor Buyout are set out below.

Pursuant to the Restructuring Completion, the Vendors had restructured such interests, *inter alia*, to form the Memories Group in such manner and structure as set out in Section 3.2 of Part B of this Circular, and resulting in the Vendors owning 100.0% of the issued and paid up share capital of MM Myanmar in the manner as set out in Section 2.4 below.

While the Corporate Vendor is a Vendor in respect of 21.1% of the issued and paid-up share capital of MM Myanmar under the Proposed Acquisition, it will not be receiving any of the Consideration Shares to be allotted and issued by the Company for such Sale Shares. Such Consideration Shares will instead be allotted and issued to the Corporate Vendor Nominees, namely ACE PAO and JMR, such persons having been designated by the Corporate Vendor as its nominees to receive the Consideration Shares, for reasons as elaborated below.

Prior to the completion of the Corporate Vendor Buyout (as defined below), JMR used to hold certain interests (including the entire Economic Interests) in the DMC Business and the HAL Business, together with certain other parties. The Corporate Vendor had acquired all of such interests under a buyout ("**Corporate Vendor Buyout**") which was financed, *inter alia*, by way of a debt funding through a note issuance ("**Corporate Vendor Buyout Funding**") obtained by the Corporate Vendor (through the Investor Co) from the Investor Co Nominee. Certain warranties and indemnities under the Corporate Vendor Buyout have been assigned by the Corporate Vendor to DMC SPV (in respect of the Corporate Vendor Buyout of the DMC Business) and HAL SPV (in respect of the Corporate Vendor Buyout of the HAL Business) on 19 November 2017. The aggregate liability of the relevant obligor(s) in respect of such warranties are subject to a cap equivalent to US$4,000,000 (in respect of the Corporate Vendor Buyout of the DMC Business) and US$3,500,000 (in respect of the Corporate Vendor Buyout of the HAL Business). A claim in respect of such warranties under the Corporate Vendor Buyout may be brought only if such claim would be more than US$10,000 (whereupon the whole amount is claimable). No claim in respect of such warranties shall be brought against the relevant obligor(s) under the Corporate Vendor Buyout unless notice in writing of any such claim has been given to the warrantor before the later of 12 months after completion of the relevant Corporate Vendor Buyout and the completion of one full audit cycle after completion of the Corporate Vendor Buyout (or in the case of a claim relating to a breach of tax warranties, the date falling on the third anniversary of the completion of the Corporate Vendor Buyout).

Accordingly, as mentioned in Section 2.1.2 of Part A of this Circular, the Corporate Vendor has directed that 14,839,271 of the Consideration Shares due to the Corporate Vendor be allotted and issued to JMR, in settlement and satisfaction of the obligations due and owing by the Corporate Vendor to JMR pursuant to the Corporate Vendor Buyout, and (at the direction of the Investor Co) that the remaining 41,131,520 Consideration Shares due to the Corporate Vendor be allotted and issued to ACE PAO, in settlement and satisfaction of the obligations due and owing by Investor Co to ACE PAO pursuant to the Corporate Vendor Buyout Funding.

The salient details on the Corporate Vendor Nominees are as follows:

(i) ACE PAO is a segregated portfolio company, managed by an investment manager being a licensed fund in the British Virgin Islands; and

(ii) JMR is a Swiss national and a professional travel agent and hotelier. His current work predominantly focuses on Myanmar's tourism industry.

The Vendors and the Corporate Vendor Nominees are not related to any of the Company's Existing Directors or Controlling Shareholders, or their respective Associates. As at the Latest Practicable Date, none of the Vendors or Corporate Vendor Nominees hold any Shares, or instruments convertible into, rights to subscribe for and options in respect of the Shares.

2.4 Information on the Memories Group

2.4.1 MM Myanmar

MM Myanmar was incorporated on 23 December 2016 in Singapore under the Companies Act as a private limited company, and its shares are held by the Vendors in the Relevant Proportion as at the Latest Practicable Date, as follows:

Shareholder	Number of Sale Shares	Relevant Proportion/ Shareholding Percentage in MM Myanmar (%)
YSIL	43,941,737	63.1
FMI	11,032,173	15.8
EVL	14,720,318	21.1
Total	**69,694,228**(1)	**100.0**

Note:

(1) The 69,694,228 Sale Shares comprise two (2) shares as at the date of incorporation of MM Myanmar and 69,694,226 MM Myanmar Consideration Shares.

2.4.2

As at the Latest Practicable Date the relevant members of the Memories Group engaged in the relevant Memories Businesses are as follows:

Memories Businesses	SingCo SPV	Relevant Asset Holding Company	Relevant MIC Co
PHL Business	PHL SPV	PHLHML	Not applicable
BOB Business	BOB SPV	SLTG	Not applicable
BL Business	BL SPV	CIL	BL MM Co
DMC Business	DMC SPV	AHTT	Not applicable
HAL Business	HAL SPV	TLH	HAL MM Co

Please refer to Section 3.2 of Part B of this Circular entitled "Group Structure" in relation to the Memories Group's structure as at the Latest Practicable Date as well as further information in relation to the Memories Group Companies.

2.5 Consideration Shares

Pursuant to the RTO SPA, the Parties agree that the Consideration shall be fully satisfied, on Completion, by the allotment and issue of Consideration Shares at the Issue Price to YSIL, FMI and in the case of the Corporate Vendor, to the Corporate Vendor Nominees, rounded up to the nearest Consideration Share.

The details of the Consideration Shares to be allotted and issued are as follows:

Name of Vendors	Number of Consideration Shares	Relevant Proportion of Sale Shares (%)
YSIL	167,078,848	63.1
FMI	41,947,426	15.8
Corporate Vendor	55,970,791	21.1
Total	**264,997,065**	**100.0**

The Corporate Vendor has nominated the following parties to be allotted and issued the Consideration Shares due to it under the RTO SPA:

Name of Corporate Vendor Nominees	Number of Consideration Shares	Relevant Proportion of Sale Shares (%)
JMR	14,839,271	5.6
ACE PAO	41,131,520	15.5
Total	**55,970,791**	**21.1**

The Consideration Shares, which shall be credited as fully-paid and shall rank *pari passu* in all respects with the then existing Consolidated Shares, will represent approximately 85.8% of the Company immediately after the Proposed Acquisition and the Proposed Share Consolidation but before the Proposed Compliance Placement. Further details of the shareholding structure of the Company post-Completion are set out in Section 13.3 of Part A of this Circular entitled "Shareholding Structure".

2.6 Conditions Precedent

Completion of the Proposed Acquisition is conditional upon, *inter alia*, the conditions precedent set out in the RTO SPA having been satisfied or waived in accordance with the terms of the RTO SPA. The long stop date for the satisfaction of the conditions precedent set out in the RTO SPA is 31 December 2017 (unless extended by agreement of the Company and the Vendors) ("**Long Stop Date**").

A summary of some of the salient conditions precedent to Completion is set out below:

(a) the Company being reasonably satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) carried out or to be carried out by the Company and/or its advisers on the Memories Group, the Asset Holding Companies, the Memories Businesses, and MM Myanmar's business assets ("**Company's Due Diligence Investigations**");

(b) (if applicable) the rectification by the Vendors, or the procurement by the Vendors of such rectification, to the reasonable satisfaction of the Company, of all issues or irregularities uncovered by the Company during the Company's Due Diligence Investigations which the Company requires to be duly rectified;

(c) MM Myanmar being duly incorporated and to be held and owned by the Vendors immediately prior to Completion in the Relevant Proportion pursuant to the Restructuring in such manner reasonably satisfactory to the Company;

(d) the Company and/or MM Myanmar receiving evidence or confirmation of, *inter alia*, the following matters:

(i) the fulfilment of the conditions precedent set out in Schedule 3 of the RTO SPA in respect of, *inter alia*, certain matters of the relevant Memories Businesses such as land issues, payment of stamp duties and obtaining of applicable licences, permits and Approvals to be duly rectified, regularised or obtained;

(ii) the fulfilment of the conditions precedent set out in Section B of Schedule 4 of the RTO SPA and all other applicable agreement(s) or document(s) relating to the Restructuring, and the execution and delivery of the various agreements, letters and documents that are required for the purposes of implementation and/or completion of the Restructuring;

(iii) the completion of an internal restructuring between YSIL, FMI and their Affiliate in relation to certain interests (including the entire Economic Interests) in the BOB Business, the PHL Business and the BL Business held by such Affiliate, to be evidenced by, *inter alia*, the delivery of a certificate jointly issued by the PHL Vendor, the BOB Vendors and the BL Vendors confirming the same;

(iv) the completion of the Corporate Vendor Buyout, to be evidenced by, *inter alia*, the delivery of a certificate by JMR and the Corporate Vendor confirming the same; and

(v) certain release, discharge and waiver being given by the Previous Interest Holders, the Registered Shareholders and the Vendors, as provided under the Restructuring Documents;

(e) the Company having obtained, at its own cost and expense, an independent valuation report in respect of the valuation of the Memories Group and/or the Memories Businesses, and being reasonably satisfied with the results or outcome of such valuation exercise;

(f) the receipt by the Company of a legal opinion, to be issued by KCY, addressed to the Company in form and substance satisfactory to the Company and the Vendors;

(g) the Major Shareholder providing the Company with an indemnity in the agreed form pursuant to which the Major Shareholder agrees to indemnify, defend and hold harmless the Company from and against any and all losses which may be incurred or suffered by the Company based upon, arising out of or otherwise in respect of any claims against the Company in relation to the ERGO SPA, and (subject to the relevant limitations of liability under the RTO SPA) any breach of the Company's Warranties under the RTO SPA (including any indemnity claims paid out or to be paid by the Company, or for which the Company is or may be liable for under the RTO SPA) and any Tax claims against the Company arising from the period prior to Completion;

(h) the SIC having granted the Vendors and its concert parties (and not having revoked or repealed such grant) a waiver of their obligation to make a mandatory offer under Rule 14 of the Code for the Shares not held by the Vendors and their concert parties and from having to comply with the requirements of Rule 14 of the Code including but not limited to pre-clearance from the SIC on any issues in connection with the Proposed Acquisition that the Vendors and/or the Company may consider necessary, subject to (i) any conditions or restrictions that the SIC may impose, provided that such conditions or restrictions are reasonably acceptable to the Company and the Vendors and their concert parties; and (ii) the Independent Shareholders approving at a general meeting of the Company the Proposed Whitewash Resolution;

(i) the Proposed Acquisition upon the terms of the RTO SPA being approved by the SGX-ST and/or any other relevant authorities and where such approval is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the Parties;

(j) approval in-principle being obtained from the SGX-ST for this Circular to be despatched to the Shareholders in respect of the Proposed Acquisition (and where such approval in-principle is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the Parties) and the compliance by the parties to the RTO SPA of all the conditions or restrictions which may be imposed by the SGX-ST in connection thereto;

(k) receipt of a listing and quotation notice from the SGX-ST for the dealing in and quotation for the Consideration Shares on Catalist, such notice or approval not being revoked, rescinded or cancelled prior to Completion and, where such listing and quotation notice is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the Vendors and the Company;

(l) the execution and delivery by the Major Shareholder of an undertaking in the agreed form to (i) vote in favour of certain resolutions at the EGM; (ii) not to sell, assign, give, transfer or otherwise dispose of its Shares until the conclusion of the EGM; and (iii) not to charge, mortgage, pledge or otherwise encumber such Shares, or in any interest in such Shares in a manner which may restrict its ability to comply with the aforesaid undertaking;

(m) the Company receiving the following approvals from its shareholders at an EGM to be convened, for:

(i) the acquisition of the Sale Shares for the Purchase Consideration;

(ii) the allotment and issue of the Consideration Shares to YSIL, FMI and the Corporate Vendor Nominees in the manner as contemplated under the RTO SPA;

(iii) the allotment and issue of the Company Placement Shares under the Proposed Compliance Placement;

(iv) the Proposed Share Consolidation;

(v) the Proposed Whitewash Resolution;

(vi) the change of name of the Company to a name which does not include the words "SHC Capital" or any derivative thereof; and

(vii) all such other Approvals required from the Company's Shareholders pursuant to applicable Laws for the completion of the transactions contemplated under the RTO SPA;

(n) the execution and delivery of the JMR Deed of Undertaking and Warranty and such JMR Deed of Undertaking and Warranty remaining in full force and effect and not being revoked, rescinded or cancelled prior to Completion;

(o) there being no delisting or suspension of the existing Shares of the Company from Catalist prior to and on Completion (other than any temporary trading halt or suspension at the request of the Company or any trading halt or suspension which will be lifted prior to or upon Completion) and the Shares not being delisted or subject to any delisting procedures prior to and on Completion;

(p) the Company being reasonably satisfied that there has been no material adverse change (i) in the business, assets, financial position or results of operations of the Asset Holding Companies and/or the Memories Businesses, (ii) in the ability of the Vendors, the Corporate Vendor Nominees, the Previous Interest Holders, the Registered Shareholders, Memories Group Companies and/or the Asset Holding Companies to perform their respective obligations (where applicable) under this Agreement, and the Restructuring Documents and/or to effect, consummate and/or agree to the relevant transactions as contemplated under, *inter alia*, the Restructuring; or (iii) in the legality, validity or enforceability of, *inter alia*, the RTO SPA or the Restructuring Documents and/or the relevant transactions as contemplated under, *inter alia*, the Restructuring;

(q) the delivery of disclosure letters by the Vendors or the Company (as the case may be), disclosing exceptions to the applicable warranties made under the RTO SPA by the Vendors or the Company (as the case may be), being in an agreed form and duly accepted by the Company or the Vendors (as the case may be);

(r) the Company being satisfied that the Memories Group, Asset Holding Companies and/or the Memories Businesses have no indebtedness or liabilities, save for (i) indebtedness or liabilities of a trading nature in the ordinary course of business in relation to the Memories Businesses; (ii) the PHL Loan (if applicable); and (iii) in relation to the PHL Business, the BL Business and the HAL Business, such indebtedness owing by the relevant Asset Holding Companies to the Registered Shareholders, which will be offset against the amounts owing by the Registered Shareholders to the Asset Holding Companies by reason of the shares in the SingCo SPV to be allotted and issued to such Registered Shareholders in connection with the Restructuring, as directed by the Asset Holding Companies;

(s) the Vendors being reasonably satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) carried out or to be carried out by the Vendors and/or their advisers on the Company, including without limitation, records, financial position, accounts, results, tax, legal and corporate structure, and any other information disclosed to the Vendors;

(t) the Vendors being reasonably satisfied that there has been no material adverse change, or events, acts or omissions likely to lead to such a material adverse change in the ability of the Company to perform its obligations (where applicable) under the RTO SPA; and

(u) each of YSH, FMI and (if applicable) any holding company of FMI and YSIL receiving any approvals required from its shareholders under applicable Laws (including any applicable listing rules imposed by the SGX-ST or the Yangon Stock Exchange) in respect of the Proposed Acquisition and the transactions contemplated in connection therewith, for the entry of YSIL and/or FMI (as the case may be) into the RTO SPA and any of the transactions contemplated under the RTO SPA.

2.7 Completion

Subject to the conditions precedent of the Proposed Acquisition being satisfied or waived (as the case may be), the Proposed Acquisition will be completed on the date falling seven (7) Business Days (as defined in the RTO SPA) after the satisfaction or the waiver of certain conditions precedent in the RTO SPA or such other date as the Parties may mutually agree ("**Completion Date**").

As at the Latest Practicable Date, the conditions precedent in Sections 2.6(c), 2.6(d)(ii), 2.6(d)(iii), 2.6(d)(iv), 2.6(d)(v), 2.6(e), 2.6(f), 2.6(g), 2.6(h), 2.6(i). 2.6(j), 2.6(l) and 2.6(n) of Part A of this Circular have been fulfilled or satisfied.

The Company will make a separate announcement when all the conditions precedent to the Proposed Acquisition have been fulfilled or as and when any of the conditions precedent has been waived (including the basis for such waiver).

2.8 Other Salient Terms of the Proposed Acquisition

2.8.1 Representations and Warranties

Pursuant to the RTO SPA and the JMR Deed of Undertaking and Warranty, the Vendors and JMR have provided customary representations and warranties and indemnities in connection with the Proposed Acquisition, including:

(i) certain representations and warranties by the Vendors relating to the Vendors' power and capacity to enter into the RTO SPA, title to the Sale Shares, interests (including the entire Economic Interests) in the Memories Businesses and certain matters related to the Restructuring ("**Unlimited Warranties**"); and

(ii) the Warrantors' Warranties and tax indemnities ("**Tax Indemnities**") by YSIL, FMI and JMR (YSIL, FMI and JMR being collectively referred to as the "**Warrantors**" and each a "**Warrantor**") in relation to the Asset Holding Companies and the Memories Businesses that they are connected to.

The liability of the Warrantors in respect of the Warrantors' Warranties, the Tax Indemnities are several, insofar as they are warranting only in respect of, *inter alia*, the Asset Holding Companies and the Memories Businesses that they are connected to, as set out below:

Memories Businesses	**Warrantors**
BOB Business	YSIL and FMI
PHL Business	YSIL
BL Business	YSIL and FMI
HAL Business	JMR
DMC Business	JMR

The liability of the Warrantors for any and all breaches of the Warrantors' Warranties and the Tax Indemnities which are applicable to them, as well as the liability of the Vendors for any and all breaches of the representations, warranties, covenants and undertakings given by them under the RTO SPA (excluding the Unlimited Warranties), are subject to a cap ("**Maximum Liability**"), as set out below:

Memories Businesses	**Maximum Liability[1] (S$)**
BOB Business	25,066,860
PHL Business	18,200,000
BL Business	11,707,050
HAL Business	5,068,464
DMC Business	5,869,317

Note:

(1) Excluding the Memories Group's reasonable legal and other professional fees and expenses, and the cost of investigation and litigation if the Warrantor and/or Vendor are/is otherwise required to pay or reimburse the Company and/or the Memories Group in relation to it.

The Maximum Liability was agreed between the parties on a willing buyer, willing seller basis after negotiations between the Company and the respective Warrantors on an arm's length basis.

A claim may be brought against the Warrantors for breach of the Warrantors' Warranties only if such claim would be more than S$50,000 (whereupon the whole amount is claimable). No claim shall be brought against the Warrantors in respect of a breach of the Warrantors' Warranties and no claim shall be brought against the Vendors in respect of a breach of any of the representations, warranties, covenants and undertakings under the RTO SPA, unless notice in writing of any such claim has been given to the relevant Warrantors or Vendors on or prior to the date falling 18 months after Completion of the Proposed Acquisition (which may occur prior to the resumption of trading of the Shares). The Tax Indemnities shall not cover any Tax Claim which is brought later than three (3) years after Completion. The aforementioned time limits were agreed between the parties on a willing buyer, willing seller basis after negotiations between the Company and the Warrantors on an arm's length basis.

The maximum quantum of liability as aforesaid has been agreed on a willing buyer willing seller basis, taking into consideration, *inter alia*, the profile of the Vendors, the Relevant Vendor Parties, the Warrantors as well as the likelihood of, and possible quantum of claims for breaches of Warrantors' Warranties in relation to the relevant Memories Businesses.

2.8.2 Transaction Expenses

Under the RTO SPA, the Parties have agreed to bear certain expenses in connection with the Proposed Acquisition ("**Transaction Expenses**") in the manner as follows:

(a) The Company shall be responsible for the fees and expenses associated with:

(i) the appointment of KPMG Corporate Finance Pte Ltd (for services rendered in connection with the Proposed Acquisition), the independent financial adviser and the independent valuer providing the Independent Valuation for purposes of the Proposed Acquisition; and

(ii) the appointment of the internal auditor and the independent auditor and reporting accountants for the Company and appointment of any tax advisers appointed for rendering tax advice in connection with the Restructuring and all other reasonably incidental fees, costs and expenses (excluding the fees of legal counsel to be appointed by the Company and the Vendors in connection with the negotiation of the RTO SPA, which shall be borne by the respective Parties and, for the avoidance of doubt, excluding all legal and financial due diligence costs which shall be borne by the Vendors) incurred or to be incurred for purposes of the Proposed Acquisition (collectively, "**Other Transaction Expenses**"), provided that the Company may use the Cash Balance to make payment of all or any portion of the Other Transaction Expenses which is due or payable on or prior to Completion, and the Company's

obligation to maintain the Cash Balance as at Completion shall be deemed satisfied and met so long as the Cash Balance as at Completion is equal to S$5.0 million less the aggregate of all such payments made.

(b) The Vendors shall be responsible for the fees and expenses associated with the appointment of PrimePartners Corporate Finance Pte. Ltd. as the full sponsor, for purposes of the Proposed Acquisition and all due diligence (including financial and legal due diligence) costs and expenses to be incurred in connection with the Proposed Acquisition.

(c) (i) In the event the Proposed Acquisition is not completed as a result of any breach of or non-compliance with any warranty (excluding any breach of Warrantors' Warranties), undertaking or covenant by or due to the fault of or otherwise due to factors directly attributable to one or more of the Parties ("**Defaulting Party**"), all costs and expenses incurred in connection with the Proposed Acquisition shall be payable by the Defaulting Party.

(ii) In the case of breach of Warrantors' Warranties, the Defaulting Party shall bear all costs and expenses incurred in connection with the Proposed Acquisition if such breach of Warrantors' Warranties are in respect of matters relating to, *inter alia*, the Vendors' power and capacity to enter into the RTO SPA, title to the Sale Shares, and inability to procure the completion of the Restructuring due to any breach of default of any of the Registered Shareholders and/or the Asset Holding Companies. For breaches of other Warrantors' Warranties, the Company's recourse will be limited to its ability to recover 50.0% of the Other Transaction Expenses in the event there is no Completion. Such limitation has been agreed to on a willing buyer willing seller basis.

(d) In the event the Proposed Acquisition is not completed for whatever reason save in the case as provided in Section 2.8.2(iii) of Part A of this Circular, (i) the Company agrees and undertakes to bear 50.0% of the Other Transaction Expenses; and (ii) the Vendors agree and undertake to bear the remaining 50.0% of the Other Transaction Expenses.

In relation to the above, as announced by the Company on 29 January 2016, the Company has received the Cost Reimbursement Undertaking from the Major Shareholder pursuant to which the Major Shareholder has agreed to reimburse the Company for all costs and expenses relating to the Proposed Acquisition in the event the Proposed Acquisition is not successful.

2.8.3 PHL Construction

As at the Latest Practicable Date, construction of the Pun Hlaing Lodge is underway and will not be completed by Completion.

Under the RTO SPA, the Company has agreed that the Company and/or PHLHML shall pay up to US$12.0 million ("**PHL Company Funded Costs**") towards the construction of the Pun Hlaing Lodge after Completion. The PHL Company Funded Costs was agreed upon based on the projected total construction costs of the Pun Hlaing Lodge less the projected construction costs incurred or to be incurred by the PHL Vendor by Completion of the Proposed Acquisition. As at the Latest Practicable Date, the Memories Group has not paid towards the PHL Company Funded Costs.

Under the RTO SPA, YSIL, being the Vendor of the PHL Business, has agreed to procure the completion of the construction of the Pun Hlaing Lodge on the PHL Land in accordance with the certain project specifications (which are summarised in the RTO SPA) ("**PHL Construction**"), and has further agreed that, except for the PHL Company Funded Costs (which includes the PHL Loan), YSIL shall be fully responsible and liable for all costs and expenses related to or connected with the PHL Construction ("**PHL Construction Costs**") save for certain excluded costs and expenses including, *inter alia*, those arising from variation orders or any other changes to the project specifications in respect of the PHL Construction, or from any wilful or unreasonable action, inaction, withholding or delay of any consent required to be given by the Company, or from any changes to or proposed new laws and legislation, or any loss or damage to, or delay in the PHL Construction caused by fire, floods or other *force majeure* event occurring after Completion, the risk of which is typically borne by the owner (collectively, the "**Agreed Adjustments**").

In the event the PHL Vendor reasonably anticipates that the PHL Construction Costs as at Completion will exceed the anticipated PHL Construction Costs to be incurred as of Completion as communicated by YSIL to the Company on or prior to the date of the RTO SPA ("**Anticipated PHL Vendor Completion Day Costs**"), YSIL may procure that PHL or PHLHML to obtain a bank loan ("**PHL Loan**") solely for the purpose of financing the PHL Construction until Completion, and the Company agrees to assume the obligation for payment of the PHL Loan, accrued interest thereunder and related fees and expenses, provided that (i) the PHL Loan shall be for a maximum aggregate principal amount not exceeding US$3.0 million; (ii) the terms of the PHL Loan shall be agreed between the Company and YSIL; and (iii) the Company's obligation to pay the PHL Company Funded Costs shall be reduced accordingly by the Company's obligation to pay the PHL Loan, accrued interest thereunder and related fees and expenses.

In the event that the amount of the PHL Construction Costs paid by the PHL Vendor on or by Completion exceeds the Anticipated PHL Vendor Completion Day Costs ("**PHL Vendor Excess Amount**"), the Company and/or PHLHML shall upon demand by the PHL Vendor, reimburse the PHL Vendor (or such other person as it may nominate or direct) such part of the PHL Vendor Excess Amount up to the PHL Company Funded Costs, provided that such payment shall only be due upon completion of the Proposed Compliance Placement or any fund raising taken on by the Enlarged Group (whichever is the earlier) and provided further that upon the PHL Vendor's receipt of such PHL Vendor Excess Amount by the Company, the Company's obligation to pay the PHL Company Funded Costs shall be reduced accordingly by such equivalent amount.

Within two (2) months after completion of the PHL Construction and handover of the Pun Hlaing Lodge to the Memories Group, the PHL Vendor shall deliver (including procuring SPA D&P (an Affiliate of YSIL) to assist in preparing) a set of completion accounts to the Company ("**Completion Accounts**"), setting out the total PHL Construction Costs and a detailed breakdown of such costs including the Company Funded Costs, the Agreed Adjustments, if any, and the PHL Vendor Costs. Within seven (7) days of the delivery of the Completion Accounts:

(a) in the event that the Company's and/or PHLHML's payments of, and any and all outstanding obligation or liability to make payment for the PHL Construction Costs on or after Completion is less than the aggregate of the PHL Company

Funded Costs and Agreed Adjustments, if any, (the difference being referred to as the "**Difference Amount**"), the Company shall reimburse the PHL Vendor for such part of the PHL Vendor Excess Amount, if any, not paid or reimbursed to the PHL Vendor (as such other person as it may nominate or direct at Completion) up to the Difference Amount; and

(b) the PHL Vendor shall, on demand by the Company, reimburse the Company for any PHL Vendor Costs paid by the Company.

The Company does not have any claims against the PHL Vendor in the event of any delays in the completion of the construction of Pun Hlaing Lodge. However, under the terms of the RTO SPA, the construction costs to be borne by the Company is capped at US$12.0 million and the Company will not incur further cost resulting from the delay in construction as additional cost overruns in relation to the construction of Pun Hlaing Lodge will be borne by the PHL Vendor. Separately, the parties have not agreed on any performance bond to be delivered nor provision for retention sums to be retained by the Company following the completion of the construction of Pun Hlaing Lodge, *inter alia*, as such matters may be addressed under the various project management and construction contracts entered or to be entered into between PHLHML and the various contractors and service providers in connection with the construction of the Pun Hlaing Lodge.

As at the Latest Practicable Date, the total committed capital expenditure for the construction is estimated to amount to approximately US$19.8 million (out of which US$12.0 million comprises the Company Funded Cost). As at the Latest Practicable Date, approximately US$11.8 million has been expended, and no PHL Loan has been taken. As at the Latest Practicable Date, YSIL has no intention to procure PHL or PHLHML to obtain the PHL Loan solely for the purpose of financing the PHL Construction until Completion. The remaining capital expenditure for the construction will potentially be funded by internally generated funds, bank loans and partially from the net proceeds to be raised from the Proposed Compliance Placement.

2.8.4 Cash Balance

Subject as provided below, the Company has agreed to retain a cash balance of S$5.0 million (the "**Cash Balance**") as part of its cash reserves as at Completion.

Under the RTO SPA, the Vendors have agreed that the Company can use the Cash Balance to pay for the Other Transaction Expenses. Please refer to Section 2.8.2 of Part A of this Circular for further details of the Other Transaction Expenses.

The Vendors have agreed and acknowledged that save for the Company's obligation to maintain the Cash Balance as aforementioned, the Company may return substantially all of its cash (including the deposit of S$1.3 million and other than such cash as may be required for its operating expenses) to its existing Shareholders, whether by way of declaration of dividend or return of capital or otherwise, at any time after the signing of the RTO SPA and/or Completion, and the Vendors will not participate in the same.

The Company had on 3 February 2017 completed a cash distribution of S$29,068,345 by way of a capital reduction approved by the Shareholders on 7 December 2016 ("**SHC Capital Reduction**"). As at the Latest Practicable Date, the Company has a cash balance of approximately S$5.3 million.

2.8.5 Business Undertakings

As at the Latest Practicable Date, JMR holds interests of approximately 21.3% and 18.0% in the ACF Business and the VL Business respectively. Please refer to Section 14.1.2 for further details on JMR's interest in the ACF Business and VL Business.

Under the JMR Deed of Undertaking and Warranty, JMR has agreed to:

(i) use his best efforts to procure the owners of the ACF Business, to undertake that in the event the Company wishes to acquire the ownership in respect of the ACF Business at any time after Completion, they shall enter into discussions and negotiations with the Company in good faith to agree on the terms and conditions upon which the Company can acquire the ACF Business, subject to lawful structuring and compliance with all Applicable Laws and on such basis or parameters to be mutually agreed (including but not limited to the independent valuation exercise to be conducted on the ACF Business) and shall be further subject to, *inter alia*, financial and all necessary corporate and other Approvals to be obtained for the transaction ("**ACF Business Undertaking**"); and

(ii) use his best efforts to procure the owners of the VL Business, to undertake that in the event the Company wishes to acquire the ownership and/or management and/or operation rights in respect of the VL Business at any time after Completion, they shall enter into discussions and negotiations with the Company in good faith to agree on the terms and conditions upon which the Company can acquire such ownership and/or management and/or operation rights, subject to lawful structuring and compliance with all Applicable Laws ("**VL Business Undertaking**").

2.8.6 Mutual Covenants in relation to Restricted Business

Pursuant to the RTO SPA and the JMR Deed of Undertaking and Warranty, each of the Vendors and JMR has undertaken ("**Restricted Business Undertaking**") in favour of each other Vendor, JMR, and the Enlarged Group, *inter alia*, that neither it or he nor any of it or its Affiliates shall (in the case of a Vendor) during the Vendor's Restricted Period and (in the case of JMR) during the JMR Restricted Period, for its or his own account or otherwise, carry on or be engaged, concerned or interested in, or otherwise consider any proposed interest or participation in, any business which is substantially the same or in competition with any Restricted Business for the time being carried on by the Enlarged Group, or solicit or entice away or attempt to solicit or entice away from the Restricted Business the employees and officers of the Restricted Business or the custom of any customer or any person who is a travel or tourism-related agency, website or portal to or which otherwise serves as a distribution channel or network or introducer to the Enlarged Group, in connection with any Restricted Business for the time being carried on by the Enlarged Group.

"**Restricted Business**" refers to:

(i) the business of management and/or operation of resorts and hotels in Myanmar;

(ii) the business of tourism destination management business in Myanmar; and

(iii) the business of management, operation and ownership of hot-air balloons tourism attraction assets in Myanmar.

Provided always that without prejudice to the VL Business Undertaking and the ACF Business Undertaking, JMR shall not be prohibited or restricted from continuing to hold his existing economic or ownership interest in the VL Business and the ACF Business. Any future increase in JMR's percentage in the economic or ownership interests in the VL Business and the ACF Business shall be subject to the approval of the New Audit Committee post-Completion of the Proposed Acquisition.

The "Affiliates" who are covered under ambit of the Restricted Business Undertaking, the ROFO Undertaking and Management Rights Opportunity Undertaking in the RTO SPA, do not include the following person(s) who are within the definition of "associates" under the Catalist Rules:

(i) in relation to each of YSIL, FMI and the Corporate Vendor, any company in the equity of which YSIL/FMI/Corporate Vendor and/or its subsidiary or holding company or fellow subsidiary taken together (directly or indirectly) have an interest of 30.0% or more; and

(ii) in relation to Mr Serge Pun, any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more.

The scope of person(s) who are subject to the Restricted Business Undertaking, the ROFO Undertaking and Management Rights Opportunity Undertaking have been agreed on a willing buyer, willing seller basis, after taking into consideration, *inter alia*, what scope of restrictions are necessary for the protection of the legitimate interests of the buyer, and as such is not the same as those falling under the definition of "associates" under the Catalist Rules.

Notwithstanding the foregoing, Mr Serge Pun has given a separate deed of undertaking dated 19 November 2017 which subjects his Associates to certain restrictions against entering in the Restricted Business. Please refer to Section 15.5 of Part A of this Circular for further details to the extent that there may be transactions between the Enlarged Group and the Vendors or their Associates which amount to interested persons transactions, the Enlarged Group will comply with the applicable requirements under Chapter 9 of the Catalist Rules relating to interested persons transactions.

2.8.7 Rights of First Offer

(i) Restricted Business Opportunity

Pursuant to the RTO SPA and the JMR Deed of Undertaking and Warranty, each of the Vendors and JMR has agreed and undertaken ("**ROFO Undertaking**") that in the event that it or he receives or it has come to the attention of any of the Vendors or JMR that any of its or his Affiliates had received (whether directly or indirectly, including through any other person) at any time or from time to time during (in the case of a Vendor) the Vendors' Restricted Period and (in the case of JMR) the JMR Restricted Period, any bona fide offer, proposal or expression of interest or otherwise has an opportunity, for its or his own account or otherwise and whether or not solicited, to carry on or be engaged, concerned or interested in, carrying on, or otherwise to consider any proposed investment or participation in, any Restricted Business or which otherwise competes with the Restricted Business ("**Restricted Business Opportunity**"), such Vendor or JMR ("**Offeror**") shall, to the extent that it is within its or his powers to grant such right, and it or he is legally or contractually not restricted from doing so, offer the Enlarged Group the right of first offer to commercially exploit, invest and/or participate in the Restricted Business Opportunity in place of and to the exclusion of the Offeror.

(ii) Management Rights Opportunity

Pursuant to the RTO SPA and the JMR Deed of Undertaking and Warranty, each of the Vendors and JMR has agreed and undertaken ("**Management Rights Opportunity Undertaking**") that in the event that at any time or from time to time during (in the case of a Vendor) the Vendors' Restricted Period and (in the case of JMR) the JMR Restricted Period, it or he and/or any of its or his Affiliates ("**Offeror**") proposes or intends to develop, acquire, invest or participate in the ownership of any hotel or resort assets in Myanmar ("**Other Project Ownership**") that falls within the following prescribed parameters, it or he shall offer the Company the right of first offer to secure the management and operation rights of the hotel or resorts assets which is the subject of such Other Project Ownership, whether directly or indirectly through any member of the Enlarged Group ("**Management Rights Opportunity**"):

(a) the hotel or resort asset which is the subject of the Other Project Ownership satisfies both (and not one only) of sub-clauses (i) and (ii) below:

(i) the hotel or resort asset is primarily a leisure tourism-focused hotel or resort asset, as opposed to primarily a business-focused hotel or resort asset; and

(ii) the hotel or resort asset is not part of an integrated development project;

(b) the Offeror is either itself empowered/able to grant, or is able to obtain the relevant consents of its shareholder(s) or partner(s) to grant to the Company and Memories Group, the management and operation rights in respect of the hotel(s) or resort(s) which is the subject of the Other Project Ownership; and

(c) the granting of such a Management Rights Opportunity would not in any way disqualify or prejudice the Offeror from being able to participate in the Other Project Ownership, or cause or result in the Other Project Ownership being terminated,

(collectively, "**MRO Parameters**").

In addition, under the RTO SPA and the JMR Deed of Undertaking and Warranty, it is contemplated that the Management Rights Opportunity may not have to be awarded to the Enlarged Group if:

(a) the Other Project Ownership does not fall under the MRO Parameters;

(b) the Company does not express interest in pursuing the Management Rights Opportunity in respect of such Other Project Ownership after having been given a notice of offer in relation to the same, or the parties fail to come to a mutual agreement on the terms upon which the Company can secure the Management Rights Opportunity in relation to such Other Project Ownership;

(c) the New Audit Committee of the Company determines, *inter alia*, that there are any legal, financial and/or commercial reasons or other circumstances prevailing which would make it unreasonable or impracticable to require the Offeror to offer the Management Rights Opportunity to the Enlarged Group; and

(d) the Other Project Ownership is not one which one would objectively expect the Enlarged Group to have the capacity or capability to manage and operate, taking into account the profile, branding or track record of the manager and operator that is required in order to match or fit the profile or branding of such Other Project Ownership.

For the avoidance of doubt, save as provided in paragraph (c) above, an Offeror is obliged to offer the Management Rights Opportunity in relation to an Other Project Ownership so long as such Other Project Ownership falls within the MRO Parameters.

The Restricted Business Undertaking, the ROFO Undertaking and the Management Rights Opportunity Undertaking do not apply to restrict or limit YSIL or FMI and their Affiliates from undertaking the following businesses ("**Businesses of YSIL and FMI**") which as of the date of the Original SPA have been undertaken by Affiliates of YSIL or FMI:

(a) investing in, developing and constructing properties, including hotels or resorts, whether on its own or in a joint venture, collaboration or partnership with other parties, as part of its property development business, provided that it shall not undertake the Restricted Business;

(b) providing any technical, management and other project consultancy or other services in respect of developments and construction of properties, including hotels and resorts, whether as standalone projects or in mixed-use property developments; and

(c) operating and managing serviced apartments and residences.

2.9 Independent Valuation

Pursuant to Rule 1015(3)(a) of the Catalist Rules, the Company has commissioned the Independent Business Valuer to undertake an independent valuation of the BOB Business and the DMC Business and to assess the reasonableness of the market value range of Hpa An Lodge, Pun Hlaing Lodge and the BL Land as valued by the Independent Property Valuer (collectively, the "**Property Valuation**"). The Independent Business Valuer has indicated that the valuation of the aggregate of all of the Memories Businesses as at 31 March 2017 is in the range of approximately US$49.45 million to US$51.85 million (the "**Independent Valuation**"). The Independent Valuation was arrived at, by adopting a sum-of-parts approach, pursuant to which the BOB Business and the DMC Business were valued based on their respective fair market values while the Hpa An Lodge, Pun Hlaing Lodge and the BL Land were valued based on their respective market value ranges as at 31 March 2017, as valued by the Independent Property Valuer.

The Independent Business Valuer and Independent Property Valuer were aware of the ACTA Amounts, CIL Liabilities and TLH Liabilities during the independent valuation. As the Independent Valuation was derived based on the market values of the Pun Hlaing Lodge, Hpa An Lodge and BL Land, the ACTA Amounts, CIL Liabilities and TLH Liabilities did not form part of the basis of the Independent Valuation and the Property Valuation.

Please refer to Appendix B of this Circular entitled "Independent Valuation Summary Letter" and Appendix Q of this Circular entitled "Property Valuation Certificates" for further details of the Independent Valuation and the Property Valuation respectively. The full text of the reports of the Independent Valuation and the Property Valuation will be made available for inspection at the principal place of business of the Company during normal business hours for a period of six (6) months from the date of this Circular.

2.10 The Proposed Acquisition as a "Reverse Takeover" Transaction

2.10.1 Relative Figures under Rule 1006 of the Catalist Rules

Pursuant to Rule 1015 of the Catalist Rules, Shareholders' approval, amongst others, must be obtained for a "Very Substantial Acquisition" or "Reverse Takeover" as defined in Chapter 10 of the Catalist Rules. Rule 1006 of the Catalist Rules sets out the computations for relative figures. Where any of the relative figures is 100.0%

or more, or if the transaction is one which will result in the change in control of a listed company, such a transaction is a "Very Substantial Acquisition" or "Reverse Takeover".

Due to the reduction of the Purchase Consideration and the number of Consideration Shares pursuant to the terms of the Supplemental SPA, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006(a) to (e) of the Catalist Rules were amended in the Supplemental Announcement as follows:

Rule 1006(a): Net asset value of assets to be disposed of, compared with the Company's net asset value	Not applicable
Rule 1006(b): Net profit attributable to Memories Business as compared with the Company's net loss[(1)]	Not meaningful[(2)]
Rule 1006(c): Aggregate value of the Consideration, compared with the Company's market capitalisation based on the total number of issued Shares excluding Treasury Shares[(3)]	196.4%
Rule 1006(d): The number of Consideration Shares to be issued by the Company as Consideration for the Proposed Acquisition, as compared with the number of equity securities of the Company previously in issue[(4)]	606.2%
Rule 1006(e): The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Company's proved and probable reserves	Not applicable

Notes:

(1) "Net profit or loss" means profit or loss before income tax, minority interests and extraordinary items.

(2) Not meaningful. The Company's unaudited net loss for the financial year from 1 April 2016 to 31 March 2017 is S$2,370,000. The net loss attributable to Memories Group is S$734,000 for the financial year ended 31 March 2017 based on the unaudited management accounts of the Memories Businesses.

(3) Based on (i) the Purchase Consideration of S$69,694,228; and (ii) the market capitalisation of the Company of approximately S$35,493,980, determined by multiplying 305,982,583 Pre-Consolidated Shares in issue as at 24 October 2016 by the volume weighted average price of S$0.116 of such Shares transacted on 10 October 2016, being the last traded day immediately preceding the date of the Original SPA.

(4) Based on the issue of 264,997,065 Consideration Shares and 43,711,798 Consolidated Shares (after the Proposed Share Consolidation of the 305,982,583 Pre-Consolidated Shares of the Company). For the avoidance of doubt, the Proposed Share Consolidation shall take place before the Proposed Allotment and Issue of the Consideration Shares.

Based on the reduced Purchase Consideration of S$69,694,228 and 264,997,065 Consideration Shares, the relative figures of the Proposed Acquisition computed above on the applicable bases set out in Rule 1006(a) to (e) of the Catalist Rules at the time of the First Announcement still exceed 100.0%. In addition, there will be

a change in control of the Company immediately upon completion of the Proposed Acquisition. Accordingly, the Proposed Acquisition still constitutes as a "Reverse Takeover" transaction as defined under Chapter 10 of the Catalist Rules for which Shareholders' approval must be obtained pursuant to Rule 1015 of the Catalist Rules.

2.11 Modifications to the Restructuring as Originally Contemplated under the Original SPA

Under the Supplemental SPA, the Company has agreed with the Vendors on certain modifications to the restructuring of the interests of the Vendors in the Memories Businesses from that as originally defined or otherwise contemplated under the Original SPA such that MM Myanmar would (through the relevant Memories Group Companies) acquire such interests in the relevant Memories Group Companies on or prior to the Completion of the Proposed Acquisition ("**Restructuring Completion**"), as further described in Section 2.12 of Part A of this Circular below.

Under the Supplemental SPA, the Company has also agreed with the Vendors on certain modifications to the relevant steps or methods of arriving at the Restructuring Completion, the key changes of which are set out below:

(i) the consideration payable to the Original SLTG Registered Shareholders for the sale and purchase of the shares of SLTG under the BOB SPA will not be settled or satisfied through the issuance of consideration shares by BOB SPV to them, but will instead be settled and satisfied in cash;

(ii) the consideration payable to the Original AHTT Registered Shareholders for the sale and purchase of the shares of AHTT under the DMC SPA will not be settled or satisfied through the issuance of consideration shares by DMC SPV to them, but will instead be settled and satisfied in cash;

(iii) the consideration payable to TLH for the transfer of the HAL Business and the grant of the Long Term Lease of the HAL Land by TLH to HAL MM Co under the HAL APA will not be settled or satisfied through the issuance of consideration shares by HAL SPV to the Registered Shareholders of TLH at the direction of TLH, but will instead be settled and satisfied in cash, to be payable on such date or dates to be mutually agreed between TLH and HAL MM Co or to be assigned by TLH to such other person or persons as TLH and HAL MM Co may mutually agree in conjunction with the Completion of the HAL APA;

(iv) the consideration payable to CIL for the transfer of the BL Business and the grant of the Long Term Lease of the BL Land by CIL to BL MM Co under the BL APA will not be settled or satisfied through the issuance of consideration shares by BL SPV to the Registered Shareholders of CIL at the direction of CIL, but will instead be settled and satisfied in cash, to be payable on such date or dates to be mutually agreed between CIL and BL MM Co or to be assigned by CIL to such other person or persons as CIL and BL MM Co may mutually agree in conjunction with the Completion of the BL APA;

(v) the consideration payable to the Original PHLHML Registered Shareholders for the sale and purchase of the shares of PHLHML under the PHLHML SPA will not be settled or satisfied through the issuance of consideration shares by PHL SPV to

them, but will instead be settled and satisfied through the issue of the PHLHML Target Consideration Shares by MM Myanmar to YSIL at the direction of the Original PHLHML Registered Shareholders;

(vi) there will no longer be any further issuance of shares in the capital of the SingCo SPVs to MM Myanmar, save for such issuance of shares as may be required to enable each of BOB SPV and the DMC SPV to perform or comply with its obligations under the BOB SPA and the DMC SPA respectively, and to enable each of BL MM Co and HAL MM Co to perform or comply with its obligations under the BL APA and the HAL APA respectively;

(vii) the Original PHLHML Registered Shareholders are to assign all their rights arising under the ACTA to PHL SPV, including but not limited to the rights of the Original PHLHML Registered Shareholders, acquired by them from PHL, to have certain contributions in kind made to PHLHML of goods, materials, works and services (collectively the "**ACTA Amounts**") to be capitalised by way of further issue of shares in PHLHML (the "**Assignment of ACTA**"). Please refer to Section 3.4.1(c) of Part B of this Circular entitled "Restructuring in respect of the PHL Business prior to the Latest Practicable Date" for further details of the CIL Liabilities;

(viii) certain non-trade payables of CIL owing to related parties of the BL Vendors as mutually agreed between CIL and BL SPV ("**CIL Liabilities**") are to be assigned to BL MM Co on or prior to Completion of the Proposed Acquisition ("**Assignment of CIL Liabilities**"). Please refer to Section 3.4.1(e) of Part B of this Circular entitled "Restructuring in respect of the BL Business prior to the Latest Practicable Date" for further details of the CIL Liabilities; and

(ix) certain non-current liabilities of TLH owing to related parties of JMR and/or the Corporate Vendor as mutually agreed between TLH and HAL SPV ("**TLH Liabilities**") are to be assigned to HAL MM Co on or prior to Completion of the Proposed Acquisition ("**Assignment of TLH Liabilities**"). Please refer to Section 3.4.1(f) of Part B of this Circular entitled "Restructuring in respect of the HAL Business prior to the Latest Practicable Date" for further details of the TLH Liabilities.

The main purpose of the foregoing modifications is to simplify the share capital structure of the SingCo SPVs, *inter alia*, by removing the need for consideration or additional shares to be issued by the SingCo SPVs, and to ensure that the Memories Group would not have any liabilities at Completion of the Proposed Acquisition, save for (i) indebtedness or liabilities of a trading nature in the ordinary course of business in relation to the Target Business; (ii) the PHL Loan, if applicable; and (iii) inter-company amounts owing within the Target Group ("**Inter-company Liabilities**"). Pursuant to the terms of the Supplemental SPA, the Company has agreed to allow such Inter-company Liabilities as an exception to Clause 3.2(b) and Clause 4.1(aa) of the Original SPA.

Reasons for Modifications to the Restructuring as contemplated under the Original SPA

Under the Original SPA, it was envisaged that the Vendors would effect a Restructuring of the Memories Businesses, *inter alia*, by procuring the relevant SingCo SPVs to obtain the assignment of Economic Interests and grant of certain powers or authority over 100.0% of the shares of SLTG, AHTT, CIL and TLH, prior to the Completion of the Proposed Acquisition ("**Initial Restructuring**").

This was because it was previously contemplated that MIC Permits or clarifications would be required in respect of the Restructuring of the relevant Memories Businesses to allow direct foreign investment in such businesses, and the process of applying for and/or obtaining such MIC Permits or clarifications may take some time to effect or complete. Hence, pursuant to the Original SPA, the parties agreed to proceed with Completion of the Proposed Acquisition based, *inter alia*, on the Initial Restructuring.

As at the date of the Original SPA, the applicable investment laws in Myanmar were the MFIL that governs foreign investments and the MCIL that governs domestic investments. Since then, the MFIL and the MCIL were repealed and replaced with the new MIL with effect from 18 October 2016, the implementing rules and regulations for the MIL, namely the MIL Rules, was issued on 31 March 2017, and the Restricted List was issued on 10 April 2017 setting out a list of restricted investment activities ("**Restricted Investments**") which, *inter alia*, are required to be carried out in a joint venture with a Myanmar citizen or citizen company investor ("**JV Restricted Investment**") or subject to the recommendation of the relevant Ministry ("**Line Ministry Restricted Investment**").

Under the current laws and regulations, MIC Permits are required only for investment activities which are determined, *inter alia*, (i) to be strategically important to Myanmar, for instance business which are conducted across the states or regions; (ii) require a large capital investment in which the value exceeds US$100.0 million; (iii) have a large potential impact on the environment and the local community; (iv) use state-owned land and buildings; or (v) are otherwise designated by the Myanmar government to require the submission of a proposal to the MIC and acquisition of an MIC Permit before commencing with the intended investment activity.

Foreign investors may conduct investment activities that are not prohibited without the prior approval of the MIC or a relevant Ministry if the business is not considered as one requiring a MIC Permit or a Line Ministry Restricted Investment.

JV Restricted Investments which require a joint venture with a Myanmar partner include the local tour services business. Line Ministry Restricted Investments include investment in the domestic air transport business, which requires the approval of the MOTC, and in extending such approval, the MOTC may at its discretion additionally prescribe a joint venture requirement/ratio with a Myanmar partner.

Separately, foreign-owned Myanmar company that has or intends to acquire an interest in land beyond a short term lease not exceeding one (1) year, must obtain a land rights authorization from the MIC which would be applied along with the application for an MIC Endorsement or MIC Permit (as applicable), before the foreign invested Myanmar company can obtain a Long Term Lease of the land.

The modifications to the Restructuring took into account, *inter alia*, the above changes to Myanmar's investment laws since the execution of the Original SPA, as more particularly described below:

BOB Business

The BOB Business falls under local tour services and domestic air transport in relation to its hot-air balloons operation. Under the current laws and regulations:

(i) local tour services fall under the Restricted List of Restricted Investments which, *inter alia*, are required to be JV Restricted Investments, and where foreign share ownership of up to a maximum of 80.0% in the joint venture may be permitted; and

(ii) investment in domestic air transport business is a Line Ministry Restricted Investment which requires the approval of the MOTC, and in extending such approval, the MOTC may at its discretion additionally prescribe a joint venture requirement/ratio with a Myanmar partner.

Following the approval for the conversion of SLTG from a company operating under the old MCIL to a foreign owned company on 6 January 2017, the MIC issued an endorsement on 5 July 2017 ("**First BOB MIC Endorsement**") to approve the transfer of 60.0% shares of SLTG to BOB SPV and BOB SPV's investment in the BOB Business as a joint venture investment in accordance with the new MIL. In the course of the application for the First BOB MIC Endorsement, the MIC had indicated that a new MIC Permit would not be issued to replace SLTG's old MIC Permit under the MCIL and the MIC also informed that it is not necessary for the MOTC to be consulted in relation to such transfer of shares.

Notwithstanding the foregoing, according to prevailing policy, the MOTC and DCA imposed a requirement that foreign investors should not hold more than 49.0% of the issued share capital of a business conducting commercial air transport services. The DCA may enforce this requirement by not issuing an air operator certificate to companies where a foreign investor holds more than 49.0% of the issued share capital. Further, there are additional laws and regulations pertaining to the registration of aircrafts, which only allow aircrafts to be used for public transport or other commercial purpose, if the said aircrafts are registered under the category where foreign investors hold no more than 40.0% of the issued share capital in a company.

Having considered the aforementioned requirements, the Restructuring was modified to require the transfer of 40.0% of the issued shares of SLTG to BOB SPV at Restructuring Completion instead of 60.0% of the issued shares of SLTG as approved under the First BOB MIC Endorsement, and BOB SPV shall hold Economic Interests in respect of the remaining 60.0% of the issued shares of SLTG at Restructuring Completion.

On 18 August 2017, SLTG had submitted an application to the MIC to amend the First BOB MIC Endorsement to reduce the number of SLTG's issued shares approved for transfer to BOB SPV from 60.0% to 40.0% ("**Amended BOB MIC Endorsement**"). However, as at the Latest Practicable Date, SLTG has not received the Amended BOB MIC Endorsement but expects to obtain the same prior to Completion of the Proposed Acquisition. Notwithstanding the foregoing, 40.0% share interests in SLTG has been transferred to BOB

SPV and registered with DICA and DICA has issued the Certificate of Registration of Documents dated 23 August 2017, which is evidence of the due filing and registration of the share transfer with the DICA.

DMC Business

The DMC Business falls under local tour services and hence the DMC Business is subject to the joint venture requirements under the Restricted List, which allows foreign share ownership of up to a maximum of 80.0% in the joint venture.

Taking into consideration the foregoing and the general requirement of the MOHT to allow a maximum of 60.0% foreign investment in businesses requiring a tour operation enterprise licence which is required for the DMC Business, the Restructuring was modified to require DMC SPV to acquire ownership of 300 shares representing approximately 59.9% of the issued shares of AHTT and to hold Economic Interests in respect of the remaining 201 shares representing approximately 40.1% of the issued shares of AHTT and certain powers and authority over such shares.

HAL Business

The hotel business, which is the business engaged in under the HAL Business, is not a Restricted Investment. However, since HAL MM Co (being a foreign-owned Myanmar company) intends to obtain the Long Term Lease in respect of the HAL Land from TLH (being an interest in land beyond a short term lease not exceeding one (1) year), HAL MM Co must obtain a land rights authorisation from the MIC which would be applied along with the application for a MIC Endorsement, before HAL MM Co can obtain the Long Term Lease in respect of the HAL Land from TLH.

An application for MIC Endorsement has been submitted to the MIC in June 2017. As at the Latest Practicable Date, no relevant MIC Endorsement has yet to be obtained. Pending the MIC Endorsement being obtained, HAL SPV will continue to obtain the assignment of Economic Interests and grant of certain powers or authority over 100.0% of the shares of TLH at Restructuring Completion. The Completion of the HAL APA, where there is acquisition of the HAL Business and obtaining of the Long Term Lease of the HAL Land by HAL MM Co from TLH, shall be subject to obtaining the MIC Endorsement for the investment activity of HAL SPV and the Long Term Lease of the HAL Land.

In the event such MIC Endorsement is not obtained on a timely basis or at all:

(i) HAL SPV shall continue to hold the assignment of Economic Interests and grant of certain powers or authority over 100.0% of the shares of TLH; and

(ii) the Company is entitled to exercise the Potential Buyback in relation to the HAL Business, as further elaborated in Section 2.13.2 of Part A of this Circular below.

BL Business

The Company is purchasing the BL Business on an "as is" basis, *inter alia*, with a view to develop the BL Land into a commercial and tourism-related hospitality development. However, the exact nature and scope of the BL Business is subject to, *inter alia*, the

Company duly considering the feasible option(s) and relevant Approvals to be obtained in connection with the BL Business, in particular, regulatory Approvals for the construction and/or development and/or use of the BL Land for commercial purposes.

As the BL Land is located in Bagan which is generally considered to be part of the Restricted Zone, depending on the nature and scope of the BL Business, there is a possibility that it may be considered to be an activity having potential large impact on the environment and local community for which under current laws and regulations, a MIC permit may be required to be obtained under the MIL rather than a MIC Endorsement and there may be special considerations imposed by MIC or the Relevant Authorities which may restrict the nature and manner of development or use of the BL Land, and/or limit on the foreign ownership of the BL Business.

In view of the foregoing, it is not possible to conclusively determine at this juncture whether foreign ownership of the BL Business by BL SPV is permitted subject only to MIC Endorsement being obtained for the investment activity of BL SPV and the Long Term Lease of the BL Land, or whether a MIC Permit is required for BL SPV's investment in the BL Business, and/or whether the BL Business may fall under one of the categories of JV Restricted Investments under the MIL and the MIL Rules.

Accordingly, BL SPV will continue to obtain the assignment of Economic Interests and grant of certain powers or authority over 100.0% of the shares of CIL at Restructuring Completion. The Completion of the BL APA, where there is acquisition of the BL Business and obtaining of the Long Term Lease of the BL Land by BL MM Co from CIL, shall be subject to obtaining the MIC Endorsement for the investment activity of BL SPV and the Long Term Lease of the BL Land, or MIC Permit being obtained for BL SPV's investment in the BL Business (as the case may be), depending on the exact nature and the scope of the BL Business.

As at the Latest Practicable Date:

(i) the Relevant MIC Approvals required to effect the Completion of the BOB SPA and Completion of the PHLHML SPA have been obtained, pursuant to which the Completion of the BOB SPA and Completion of the PHLHML SPA have accordingly been effected;

(ii) no Relevant MIC Approvals were required for Completion of the DMC SPA which has accordingly been effected;

(iii) an application for the Relevant MIC Approvals to effect Completion of the HAL APA has been made in June 2017 but has not been obtained as at the Latest Practicable Date, and hence the effecting of the Completion of the HAL APA is pending the obtaining of such approval; and

(iv) no application has been made or approval obtained for the Relevant MIC Approvals required to effect the Completion of the BL APA, for reasons as elaborated below.

KCY has advised that the nature of the Relevant MIC Approvals to be obtained for the BL Business and/or whether the BL Business may fall under one of the categories of JV Restricted Investments under the MIL and the MIL Rules would depend, *inter alia*, on the

exact nature and scope of the BL Business, including whether, based on such nature and scope of the business, the BL Business may be considered to be an activity having a potential large impact on the environment and local community (e.g. areas specified to support the ecosystem and culture, natural heritage, cultural commemoration, and un-spoilt areas), strategic to Myanmar, or designated by the government to require the submission of an investment proposal, and in the absence of more definitive plans for the construction and/or development and/or use of the BL Land, and laws, regulations and policies on the development of certain designated areas in Bagan, it is not possible to conclusively determine at this juncture what are the Relevant MIC Approvals required for the BL Business and/or whether the BL Business may fall under one of the categories of JV Restricted Investments under the MIL and the MIL Rules and how long it may take for such approval to be obtained.

In view of the foregoing, the Company intends to consult the MIC on the Relevant MIC Approvals required to be obtained for the BL Business only after the Company has duly considered the feasible option(s) for the construction and/or development and/or use of the BL Land in connection with the BL Business, which will take place after Completion of the Proposed Acquisition.

2.12 Restructuring

2.12.1 Memories Group

Pursuant to the Restructuring Completion, MM Myanmar has acquired (through the relevant Memories Group Companies) such interests in the relevant Memories Group Companies as further described below and resulting in the establishment of the Corporate Structure:

(i) (pursuant to the Completion of the PHLHML SPA) legal and beneficial ownership of 100.0% of the issued shares of PHLHML which currently owns, manages and holds the PHL Business pursuant to the acquisition of the PHL Business and obtaining of the Long Term Lease of the PHL Land by PHLHML from PHL;

(ii) (pursuant to the Completion of the BOB SPA) legal and beneficial ownership of 40.0% of the issued shares of SLTG which currently owns, operates, manages and holds the BOB Business, and (pursuant to the BOB DOA) Economic Interests in respect of the remaining 60.0% of the issued shares of SLTG and (pursuant to the BOB POA) certain powers and authority over such shares;

(iii) (pursuant to the BL DOA) Economic Interests in respect of 100.0% of the issued shares of CIL which currently owns, manages and holds the BL Business, and (pursuant to the BL POA) certain powers and authority over such shares, pending the Completion of the BL APA;

(iv) (pursuant to the HAL DOA) Economic Interests in respect of 100.0% of the issued shares of TLH which currently owns, operates, manages and holds the HAL Business, and (pursuant to the HAL POA) certain powers and authority over such shares, pending Completion of the HAL APA; and

(v) (pursuant to the Completion of the DMC SPA and the transfer of 201 shares to Mr Tun Tun as further elaborated in Section 3.4 of Part B of this Circular) ownership of 300 issued shares of AHTT (representing approximately 59.9% of the issued shares of AHTT) which currently owns, operates, manages and holds the DMC Business, and (pursuant to the DMC DOA) Economic Interests in respect of the remaining 201 issued shares of AHTT (representing approximately 40.1% of the issued shares of AHTT) and (pursuant to the DMC POA) certain powers and authority over such shares.

The Company has been advised by KCY that subject to the assumptions and qualifications provided in the KCY Legal Opinion, the Corporate Structure complies with the Applicable Laws, and the creation of Economic Interests in the shares of SLTG, AHTT, TLH and CIL (as the case may be) in the manner as provided under each relevant DOA in favour of each assignee under the said DOA will not in itself require any additional approval of any Relevant Authority with regard to the operations of the relevant Memories Businesses. There is no need for the MIC to be specifically notified or made aware of the Memories Group's Economic Interests in the BOB Business, DMC Business, HAL Business and the BL Business as the creation of Economic Interests in the shares of SLTG, AHTT, TLH and CIL (as the case may be) in the manner as provided under each relevant DOA in favour of each assignee under the said DOA will not in itself give rise to any additional requirement or the approval of any Relevant Authority, including the MIC, with regard to the operations of the relevant Memories Businesses. Please refer to Section 2.12.3 of Part A of this Circular and Appendix P of this Circular for further or full details of the KCY Legal Opinion.

For the avoidance of doubt, despite the Restructuring Completion:

(i) the Completion of the HAL APA is subject to, *inter alia*, MIC Endorsement being obtained for the investment activity of HAL SPV and the Long Term Lease of the HAL Land; and

(ii) depending on the exact nature and the scope of the BL Business, Completion of the BL APA is subject to, *inter alia*, MIC Endorsement being obtained for the investment activity of BL SPV and the Long Term Lease of the BL Land or MIC Permit being obtained for BL SPV's investment in the BL Business (as applicable).

Failure to fulfil any of the foregoing conditions will be a Potential Buyback Event for which the Potential Buyback of the HAL Business or the BL Business (as the case may be) may apply. Please refer to Section 2.13 of Part A of this Circular for further details of the Potential Buyback.

2.12.2 Rationale

The Board is of the view that the interests of the Enlarged Group would be reasonably adequately safeguarded at Completion notwithstanding that under the Corporate Structure, the Enlarged Group does not have (i) the entire legal and beneficial ownership of the shares of SLTG and AHTT which own the BOB Business and the DMC Business respectively; and (ii) any of the legal and beneficial

ownership of the shares of TLH or CIL which own the HAL Business (pending the Completion of the HAL APA) and the BL Business (pending the Completion of the BL APA) respectively, *inter alia*, for the following reasons:

(i) the Enlarged Group has legal and beneficial ownership of 40.0% of the issued shares of SLTG and Economic Interests in respect of the remaining 60.0% of the issued shares of SLTG and certain powers and authority over such shares pursuant to the BOB DOA and the BOB POA;

(ii) the Enlarged Group has legal and beneficial ownership of 59.9% of the issued shares of AHTT and Economic Interests in respect of the remaining 40.1% of the issued shares of AHTT and certain powers and authority over such shares pursuant to the DMC DOA and DMC POA;

(iii) while the Enlarged Group does not have legal and beneficial ownership and control of the shares of CIL and TLH, the Enlarged Group has Economic Interests in respect of 100.0% of the issued shares of such companies and certain powers and authority over such shares pursuant to the relevant DOAs and POAs, pending Completion of the HAL APA and BL APA;

(iv) the Company has been advised by KCY, *inter alia*, that the Corporate Structure complies with the Applicable Laws, and the Applicable Laws do not prohibit each assignee under each DOA from holding Economic interests in the shares of SLTG, AHTT, TLH and CIL (as the case may be) pursuant to its rights, and in the manner provided under the said DOA;

(v) the hotel business does not fall under the categories of restricted investments under the Restricted List issued pursuant to the MIL and HAL MM Co would be able to acquire the HAL Business and the Long Term Lease of the HAL Land once it obtains the MIC Endorsement for the investment activity of HAL SPV and the land rights authorization for the HAL Land, and HAL MM Co has already submitted an application for the same in June 2017;

(vi) the proposed BL Business, namely development of a proposed commercial and tourism-related hospitality development, is not a Restricted Investment *per se*, although the conditions applicable to and the type of Approvals required for BL SPV's investment in the BL Business, including possibly requiring an MIC Permit, and the extent and nature of the construction, development and/or use that may be permitted on the BL Land may be subject to special considerations and regulatory Approvals since the BL Land is located in Bagan which is generally considered part of the Restricted Zone;

(vii) under and subject to the terms of the DOAs, the Enlarged Group benefits from and enjoy all economic, financial and monetary entitlements accruing or arising from the shares of the relevant Asset Holding Companies namely SLTG, AHTT, CIL and TLH which are the subject of the DOAs (including dividends and other distributions);

(viii) the DOAs are absolute and may only be revoked or rescinded over any or all of the relevant shares of the Asset Holding Companies over which Economic Interests have been assigned, by mutual agreement of the relevant parties;

(ix) through the POAs, the Enlarged Group has the ability, through the exercise of rights by the relevant attorneys under the relevant POAs, to vote on the relevant shares under the POAs on matters within the purview of shareholders' meetings which include the ability to vote on appointment/removal of directors. Accordingly, the Enlarged Group intends to exercise such powers so as to appoint all the directors of the relevant Asset Holding Companies of the relevant Memories Businesses;

(x) the powers being granted under the POAs are deemed or construed as powers granted coupled with an interest of the relevant attorney(s) due to the fact that the POAs have been granted in conjunction with the entry of the DOAs by the relevant grantor(s) and accordingly, the POAs cannot be revoked by the grantor(s) for so long as such interest subsist;

(xi) there would be no material financial or operational implications arising from any delay or failure by the Enlarged Group to acquire the HAL Business, the BL Business and/or the Long Term Lease of the HAL Land and/or the BL Land, as the Enlarged Group would continue to hold the relevant Economic Interests under the DOAs and the powers and authority under the POAs;

(xii) under the applicable SFRS, the Enlarged Group is able to consolidate the entire interests in respect of all of the Memories Businesses based on the Corporate Structure;

(xiii) the Company has the right to compel the Potential Buyback of the HAL Business, *inter alia*, if HAL MM Co fails to acquire the HAL Business and Long Term Lease of the HAL Land within three (3) years from Completion;

(xiv) the Company has the right to compel the Potential Buyback of the BL Business, *inter alia*, if the BL Land is demarcated as part of the Restricted Zone or BL MM Co fails to acquire the BL Business and Long Term Lease of the BL Land within three (3) years from Completion; and

(xv) the Company has the right to compel the Potential Buyback of the BOB Business if the Enlarged Group is required at any time on or prior to 31 December 2018, to reduce its ownership of shares in SLTG to below a 40.0% shareholding percentage as a condition or requirement of, or otherwise in connection with, the obtaining, renewing or maintaining of the Air Operator Certificates, the Tour Operation Enterprise Licence and Tourist Transport Business Licence for the purposes of the BOB Business.

The Board is further of the view that while the Company is aware of the potential uncertainty of whether MIC Endorsement for HAL SPV's investment activity and the Long Term Lease of the HAL Land can be obtained and/or whether MIC Endorsement for BL SPV's investment activity and the Long Term Lease of the BL Land and/or MIC Permit for BL SPV's investment in the BL Business (as the case

may be) can be obtained after Completion, as the Vendors only contemplate selling the Memories Businesses as a package and on a combined basis, the terms of the Proposed Acquisition (including the acquisition of the HAL Business and the BL Business) have been agreed to on a willing-buyer willing-seller basis under such circumstances.

2.12.3 Legal Opinion

KCY has issued the KCY Legal Opinion wherein KCY has, subject to certain assumptions and qualifications, opined, *inter alia*, as follows:

(i) the Corporate Structure complies with the Applicable Laws.

(ii) save for the payment of stamp duties in accordance with the Myanmar Stamp Act for each DOA, POA, SPA, APA, Share Option and Land Option (where the same has not been duly stamped on or prior to the date of the KCY Legal Opinion), no authorization, consent, permit or approval of, or other action by, or filing with or notice to, any Relevant Authority is required in connection with the execution and delivery by each relevant party of the relevant DOA, POA, SPA, APA, Share Option and Land Option to which it is a party.

(iii) the creation of Economic Interests in the shares of SLTG, AHTT, TLH and CIL (as the case may be), in the manner provided under each DOA, in favour of each assignee under the said DOA will not in itself give rise to any additional approval of any Relevant Authority, with regard to the operations of the relevant Memories Businesses.

(iv) the Applicable Laws do not prohibit each assignee under each DOA from holding Economic Interests in the shares of SLTG, AHTT, TLH and CIL (as the case may be), in the manner provided under the said DOA.

(v) each assignee under each DOA has the ability to further assign or sell (in whole or in part) the Economic Interests in the shares of SLTG, AHTT, TLH and CIL (as the case may be) pursuant to its rights, and in the manner provided, under the said DOA.

(vi) the exercise of authority and powers by each attorney under each POA (where exercised in accordance with the terms of the said POA) include, *inter alia*, the ability to vote on the shares of SLTG, AHTT, TLH, and CIL (as the case may be) on matters falling within the purview of a shareholders' meeting, such as appointing and removing directors.

(vii) the authority and power to dispose of or transfer the business/assets of SLTG, AHTT, TLH, and CIL (as the case may be) is vested in their respective board of directors, subject to their respective company constitutions. The implementation of such disposal or transfer may be subject to any necessary resolutions being passed by the respective shareholders of SLTG, AHTT, TLH and CIL (as the case may be), and the necessary regulatory Approvals, having regard to the Applicable Laws and prevailing policies at the relevant time of disposal and transfer.

The full text and contents of KCY's legal opinion dated 20 November 2017 ("**KCY Legal Opinion**") is set out in Appendix P of this Circular and Shareholders are advised to read carefully the KCY Legal Opinion in its entirety, in particular without limitation, the assumptions and qualifications set out therein.

For the avoidance of doubt, the authority and powers of each attorney under each POA to vote on matters falling within the purview of a shareholders' meeting (such as appointing and removing directors or the disposal or transfer of business/asset where the foregoing are the subject of shareholders' resolution(s) pursuant to the respective company's constitution or the Applicable Law) arises *per se* from the grant of such authority and powers by the relevant grantor pursuant to, and in accordance with the terms of each said POA rather than arising from any voting shares which are the subject of the POAs or the Economic Interests in relation to such shares. Notwithstanding the foregoing, as each POA is given by the relevant grantor(s) in conjunction with the relevant DOA executed by such grantor(s), the powers being granted thereunder are deemed or construed as powers granted coupled with an interest of the relevant attorney(s) and cannot be revoked by the grantor(s) for so long as such interest subsist.

2.13 Potential Buyback in relation to the HAL Business, BL Business and BOB Business

2.13.1 Potential Buyback Events

HAL Business

Since Completion of the HAL APA will not take place at the Restructuring Completion, the Company, the Corporate Vendor and JMR had on 20 November 2017 entered into an undertaking ("**Buyback Undertaking (HAL Business)**") pursuant to which the Company, the Corporate Vendor and JMR will undertake the following:

(i) if at any time within the period of three (3) years following Completion of the Proposed Acquisition, a Final Ruling (as defined below) is made by the MIC to reject the application for MIC Endorsement for the investment activity of HAL SPV and the Long Term Lease of the HAL Land in favour of HAL MM Co; or

(ii) if at the end of three (3) years following Completion of the Proposed Acquisition, the MIC Endorsement being obtained for the investment activity of HAL SPV and the Long Term Lease of the HAL Land in favour of HAL MM Co has not been obtained,

the Company will take steps to effect the Potential Buyback of the HAL Business, as further elaborated in Section 2.13.2 of Part A of this Circular below.

BL Business

Since Completion of the BL APA will not take place at the Restructuring Completion, the Company, YSIL and FMI had on 20 November 2017 entered into an undertaking ("**Buyback Undertaking (BOB Business and BL Business)**") pursuant to which the Company, YSIL and FMI will undertake the following:

(i) if at any time within the period of three (3) years following completion of the Proposed Acquisition, a Final Ruling is made by the relevant authorities that the BL Land has been demarcated as a heritage site and is otherwise not permitted or approved for any commercial development; or

(ii) if at any time within the period of three (3) years following completion of the Proposed Acquisition, a Final Ruling is made by the MIC to reject the application for MIC Endorsement or MIC Permit (as applicable) for and the Long Term Lease of the BL Land or otherwise to deny BL MM Co the right to hold or to be granted a Long Term Lease of the BL Land; or

(iii) at the end of three (3) years following completion of the Proposed Acquisition, either the MIC Endorsement or MIC Permit (as applicable) for the Long Term Lease of the BL Land in favour of BL MM Co has not been obtained, or the BL MM Co has otherwise not obtained all relevant approvals as required under the prevailing laws to allow it to hold or to be granted a Long Term Lease of the BL Land,

the Company will take steps to effect the Potential Buyback of the BL Business, as further elaborated in Section 2.13.2 of Part A of this Circular below.

For purposes of the foregoing in respect of the HAL Business and the BL Business, a "**Final Ruling**" is deemed to have been made only if in the reasonable opinion of the New Board:

(i) a final ruling, determination or finding has been made by the relevant authorities from which there are no other or further appeals that may be made, either within the same ministry or agency or other relevant authority, or any other ministry, agency or relevant authority; and

(ii) there are no other methods, avenues or recourse of overruling, re-interpreting, bypassing or otherwise supplementing, varying or modifying any ruling, determination or finding referred to in (i) above, including through re-submission, amendment or modification of any applications previously submitted.

In forming its view as aforesaid, the New Board is entitled to seek and rely on such legal and other professional expert advice as they deem fit or appropriate, and any Director who is interested in the Potential Buyback (whether directly or through his Associates) shall recuse himself from any deliberations or decision in relation thereto.

BOB Business

The BOB Business is considered as domestic air transport and pursuant to the MIL Rules and the Restricted List, the approval of the MOTC is required for an investment in the BOB Business.

In the case of SLTG, MOTC approval was not sought for BOB SPV's acquisition of the 40.0% of the issued shares of SLTG in the light of the MIC's indication that such approval was not required in the process of obtaining the First BOB MIC Endorsement and it is not certain if MOTC may raise any objections in relation to BOB SPV's investment in SLTG in the course of SLTG seeking renewal of its Air Operator Certificate which is due to expire on 30 October 2018.

Accordingly, the Company, YSIL and FMI have entered into the Buyback Undertaking (BOB Business and BL Business) on 20 November 2017 pursuant to which the Company, YSIL and FMI will undertake that if at any time on or prior to 31 December 2018, BOB SPV is required to reduce its ownership of shares in SLTG to below a 40.0% shareholding percentage as a condition or requirement of, or otherwise in connection with, the obtaining, renewing or maintaining the Air Operator Certificates, the Tour Operation Enterprise Licence and Tourist Transport Business Licence for the purposes of the BOB Business, the Company will take steps to effect the Potential Buyback of the BOB Business, as further elaborated in Section 2.13.2 of Part A of this Circular below.

2.13.2 Potential Buyback Terms

Further to the Buyback Undertakings the relevant Buyback Vendors have agreed that in the event of the occurrence of a Potential Buyback Event in relation to any of the BOB Business, the HAL Business and/or the BL Business (as the case may be), the relevant company within the Enlarged Group that owns such Memories Business will, subject to compliance with the provisions of the Buyback Undertakings, effect a disposal of such relevant Memories Business to which the Potential Buyback Event applies back to the relevant Buyback Vendor for cash ("**Potential Buyback**").

The cash consideration ("**Buyback Consideration**") payable by the relevant Buyback Vendor for the Potential Buyback of the BOB Business, the HAL Business and/or the BL Business (as the case may be) shall be the same dollar amount paid by the Company for such relevant Memories Business pursuant to the Proposed Acquisition.

Each Potential Buyback of the relevant Memories Business (namely the BOB Business, BL Business and HAL Business) will be treated as an interested person transaction and subject to all the requirements as set out under Chapter 9 of the Catalist Rules (including the seeking of an independent financial adviser's opinion in relation to the terms of the Potential Buyback), regardless of the value of such transaction and whether the materiality thresholds under Chapter 9 of the Catalist Rules are breached.

The New Board shall procure the necessary steps to be taken to convene an extraordinary general meeting ("**Potential Buyback EGM**") of the Company to seek independent Shareholders' approval in relation to the Potential Buyback of the relevant Memories Business, and all of the Vendors, the Buyback Vendors and their respective Associates shall abstain from voting at the Potential Buyback EGM.

Upon the approval of the Potential Buyback of the relevant Memories Business at the Potential Buyback EGM, the relevant Buyback Vendor shall be irrevocably and unconditionally obliged to, and shall forthwith take all such steps necessary or relevant for purposes of completing the purchase of the relevant Memories Business which is the subject of the Potential Buyback at the relevant Buyback Consideration.

A3. Proposed Whitewash Resolution

3.1 General Offer Requirement under the Code

Save as disclosed in this Circular, as at the Latest Practicable Date, the Vendors Concert Party Group does not hold any Shares, instruments convertible into rights to subscribe for Shares, or options in respect of the Shares. The spouse of Adrian Chan, the Lead Independent Director of YSH (the parent company of YSIL), holds 40,000 Shares.

Upon the allotment and issue of the Consideration Shares but before completion of the Proposed Compliance Placement, the Vendors Concert Party Group will hold in aggregate 264,997,065 Consideration Shares, representing approximately 85.8% of the enlarged share capital of the Company, and representing approximately 64.1% of the enlarged share capital of the Company upon the completion of the Proposed Compliance Placement (assuming the full allotment and issue of the Company Placement Shares).

Pursuant to Rule 14 of the Code and Section 139 of the SFA, the Vendors Concert Party Group will be required to make a mandatory general offer for all the remaining Shares in issue not already owned, controlled or agreed to be acquired by them.

It is a condition precedent for the Proposed Acquisition that, *inter alia*:

(i) the SIC grants the Vendors Concert Party Group, and not having revoked or repealed such grant, a waiver of their obligation to make a mandatory general offer under Rule 14 of the Code for the Shares not owned, controlled or agreed to be acquired by them subject only to the conditions set out in paragraph 2 of Appendix 1 of the Code; and

(ii) Shareholders approve at a general meeting of the Company, the Proposed Whitewash Resolution for the waiver of the rights of the Independent Shareholders to receive a general offer from the Vendors Concert Party Group, at the highest price paid or agreed to be paid by them for the Shares in the past six (6) months, for all the Shares not owned, controlled or agreed to be acquired by the Vendors Concert Party Group under Rule 14 of the Code.

3.2 Conditional Waiver of the General Offer Requirement by the SIC

The Vendors had sought a waiver from the SIC of their obligation to make a general offer under Rule 14 of the Code.

The SIC had on 27 September 2017, granted the Vendors and Corporate Vendor Nominees a waiver from making a general offer for the Company under Rule 14 of the Code in the event the Vendors Concert Party Group acquires more than 30.0% of the total voting rights of the Company based on its enlarged issued capital as a result of the allotment and issue of the Consideration Shares to the Vendors and Corporate Vendor Nominees, subject to certain conditions:

(a) a majority of holders of voting rights of the Company approve at a general meeting, before the allotment and issue of the Consideration Shares, the Proposed Whitewash Resolution by way of a poll to waive their rights to receive a general offer from the Vendors and Corporate Vendor Nominees;

(b) the Proposed Whitewash Resolution is separate from other resolutions;

(c) the Vendors Concert Party Group and parties not independent of them abstain from voting on the Proposed Whitewash Resolution;

(d) the Vendors Concert Party Group did not acquire or are not to acquire any Shares or subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular (as defined below);

  (i) during the period between the first announcement of the Proposed Acquisition and the date Shareholders' approval is obtained for the Proposed Whitewash Resolution; and

  (ii) in the six (6) months prior to the first announcement of the Proposed Acquisition but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Proposed Acquisition;

(e) the Company appoints an independent financial adviser to advise its independent Shareholders on the Proposed Whitewash Resolution;

(f) the Company sets out clearly in this Circular:

  (i) details of the allotment and issue of the Consideration Shares for the Proposed Acquisition;

  (ii) the dilution effect to existing Shareholders upon the allotment and issue of the Consideration Shares to the Vendors and the Corporate Vendor Nominees;

  (iii) the number and percentage of voting rights in the Company, rights to subscribe for and options in respect of Shares in the Company held by the Vendors Concert Party Group as at the Latest Practicable Date;

(iv) the number and percentage of voting rights to be issued to the Vendors and the Corporate Vendor Nominees as a result of the allotment and issue of Consideration Shares to the Vendors and the Corporate Vendor Nominees; and

(v) specific and prominent reference to the fact that the allotment and issue of the Consideration Shares would result in the Vendors Concert Party Group holding Shares carrying over 49.0% of the voting rights of the Company, and the fact that the Vendors Concert Party Group would as a result be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and

(vi) specific and prominent reference to the fact that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Vendors and the Corporate Vendor Nominees at the highest price paid by the Vendors Concert Party Group for Shares in the past six (6) months preceding the commencement of the offer;

(g) this Circular states that the Whitewash Waiver granted by the SIC to the Vendors and the Corporate Vendor Nominees from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated at (a) to (f) above;

(h) the Company obtains the SIC's approval in advance for those parts of this Circular that refer to the Proposed Whitewash Resolution; and

(i) to rely on the Proposed Whitewash Resolution, the allotment and issue of the Consideration Shares to the Vendors and the Corporate Vendor Nominees must be completed within three (3) months of the approval of the Proposed Whitewash Resolution.

As at the Latest Practicable Date, save for conditions (a) and (i), all the above conditions imposed by the SIC have been satisfied.

None of the Vendors Concert Party Group has acquired any Shares during the period commencing on a date six (6) months prior to the date of the announcement of the Proposed Acquisition on 24 October 2016 and up to the Latest Practicable Date.

3.3 The Proposed Whitewash Resolution

Independent Shareholders are requested to vote on a poll, the Proposed Whitewash Resolution set out as Ordinary Resolution 5 in the Notice of Extraordinary General Meeting as set out in the Section entitled "Notice of Extraordinary General Meeting" of Part A of this Circular, waiving their rights to receive a general offer from the Vendors Concert Party Group.

Shareholders should note that approval of the Proposed Whitewash Resolution is a condition precedent to Completion. If Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, Completion will not take place.

Independent Shareholders should also note that by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive a general offer from the Vendors and the Corporate Vendor Nominees, which the Vendors and the Corporate Vendor Nominees would otherwise be obliged to make at the highest price paid by the Vendors Concert Party Group for Shares in the six (6) months preceding the commencement of the offer, in accordance with Rule 14 of the Code and Section 139 of the SFA.

Furthermore, Shareholders should also note that, by voting for the Proposed Whitewash Resolution, they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the issue of the Consideration Shares.

Pursuant to obtaining Shareholders' approval for the Proposed Whitewash Resolution, the allotment and issue of the Consideration Shares would result in the Vendors and Corporate Vendor Nominees holding Shares carrying more than 49.0% of the voting rights of the Company and the Vendors Concert Party Group will thereafter be free to acquire additional new Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

3.4 Advice of the Independent Financial Adviser in respect of the Proposed Whitewash Resolution

Asian Corporate Advisors Pte. Ltd. has been appointed as the IFA to the Recommending Directors for the Proposed Whitewash Resolution, and have advised as follows:

In summary, having regard to our analysis and the consideration in this Letter (including its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to our terms of reference and confirmations and representations from the Directors and/or the Memories Group, ***we are of the opinion that, on balance*** *the financial terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution is, on balance,* ***FAIR, REASONABLE*** *and* ***NOT PREJUDICIAL*** *to the interest of the Company and the Independent Shareholders.*

For the purposes of evaluating the Proposed Acquisition, being the transaction that is the subject of the Proposed Whitewash Resolution, from a financial point of view, we have adopted the approach that the term "on normal commercial terms", "fair" and "reasonable" comprises two distinct concepts:

(i) Whether an acquisition(s) is "on normal commercial terms" and "fair" relates to an opinion on the value of the Purchase Consideration or the Adjusted Minimum Purchase Consideration or the Adjusted Purchase Consideration and the Pre-Consolidation Issue Price for the Consideration Shares. This is based strictly on a financial or fundamental analysis and evaluation of the consideration (vis a vis the Memories Group financial performance and position and equity valuation), and the Pre-Consolidation Issue Price for the Consideration Shares (vis a vis the Group's financial performance and position, comparison with previous fund raising, historical prices for the Shares as well as relative valuation analysis and comparison with the Selected RTO Transactions);

(ii) Whether an acquisition(s) is "reasonable", relates to, after taking into consideration the actual and potential financial impact of other circumstances surrounding the acquisition(s) as well as the Company or the Group or the Target or the Memories Group, inter alia, the cash company status, Vendors' shareholding prior and after the Proposed Acquisition and issuance of the Consideration Shares etc., which we consider relevant (being both quantitative and qualitative factors available and made known to us).

*We consider the financial terms of the Proposed Acquisition (which is the subject of the Proposed Whitewash Resolution) to be **FAIR,** from a financial point of view after factoring in, inter alia, the following:-*

(i) The Adjusted Pre-Consolidation Issue Price is fairly comparable (being in general at premium) to the historical market prices for the Shares on the MOU Announcement Date and for the period 6 months, 3 months and 1 month prior to the MOU Announcement Date.

(ii) The Pre-Consolidation Issue Price represents a premium of approximately 120.5% and 129.9% over the Company's NAV and/or NTA per Share as at 31 October 2017 and the Cash Balance NAV and/or NTA per Share respectively which we have considered in conjunction with the "cash company" status for the Company. These premiums are higher and more favourable than the average premium of approximately 7.9% implied by the closing prices for the Shares over the Company's historical trailing NAV per Share for the 1 year period prior to the MOU Announcement Date.

(iii) Fair comparison of the Proposed Acquisition and the Selected RTO Transactions in terms of the premium implied by the Adjusted Pre-Consolidation Issue Price over the last transacted prices for the Shares on the MOU Announcement Date and the P/NTA multiple (as implied by the Pre-Consolidation Issue Price and the Group's NTA per Share as at 31 October 2017).

(iv) The intrinsic value of the Consideration Shares, being the Adjusted Purchase Consideration of approximately S$31.6 million or the Adjusted Minimum Purchase Consideration of approximately S$30.3 million, after taking into account, inter alia, substantial premium implied by the Pre-Consolidation Issue Price over the Company's NAV and/or NTA notwithstanding its "cash company" status, and the Cash Balance pursuant to the RTO SPA.

(v) The range of fair market value of the Targets ascribed by the Independent Business Valuer is relatively in line with the range of Purchase Consideration or at premiums over both the Adjusted Minimum Purchase Consideration and Adjusted Purchase Consideration.

(vi) The Adjusted Minimum Purchase Consideration and Adjusted Purchase Consideration represent a discount ranging between 21.0% to 43.8% from the Memories Group's RNAV and RNTA.

(vii) Relatively lower valuation of the Memories Group as implied by both the Adjusted Purchase Consideration and Adjusted Minimum Purchase Consideration vis a vis the valuation of the Selected Comparable Companies and the Selected Myanmar Companies in terms of LTM EV/EBITDA, P/NAV and P/NTA.

We also consider the financial terms of the Proposed Acquisition (which is the subject of the Proposed Whitewash Resolution) to be ***REASONABLE and NOT PREJUDICIAL*** *to the interest of the Company and the Independent Shareholders, from a financial point of view after factoring, inter alia, the following:*

(i) The rationale for the Proposed Acquisition. We note from Section 2.2 of Part A of the Circular that the Proposed Acquisition, if completed by the Company, will provide the Company with an opportunity to venture into a business with the potential for growth in the emerging market of Myanmar and accordingly, it is in the interests of the Company and its Shareholders to complete the Proposed Acquisition. If the Proposed Acquisition is not completed, the Company will have to be delisted pursuant to Rule 1017 of the Catalist Rules and, in the absence of an exit cash offer by any party, the Company intends to undergo a voluntary liquidation and be wound up and dissolved thereafter.

(ii) The financial performance and position of the Memories Group. We note that the Memories Group has been profit making for the past three financial year ends with positive net cash flow from operating activities during the period under review and positive net working capital and shareholders' equity of approximately US$32.5 million as at 30 June 2017.

(iii) The Proposed Acquisition appears to be more favourable as compared with the Selected RTO Transactions in terms of the dilution impact for the existing Shareholders (arising from the issuance of the Consideration Shares).

(iv) Directors confirmation that as at the Latest Practicable Date, they are not aware of any alternative investment or acquisition opportunity available to the Company, which is comparable in nature, size and scope to the Proposed Acquisition.

(v) The potential financial effects of the Proposed Transactions as outlined in Section 6.1 of Part A of the Circular. We wish to highlight that while the Proposed Transactions will lead to a higher LPS, it will result in a higher NTA per Share and higher net cash position.

(vi) The Proposed Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from the Memories Group's operations and its existing cash and cash equivalents, the working capital available to them as at the date of lodgement of the Circular is sufficient for present requirements and for at least 12 months after Completion.

A copy of the IFA Letter dated 20 November 2017 in relation to the Proposed Whitewash Resolution is set out in Appendix A of this Circular. Shareholders are also advised to read the copy of the IFA Letter in its entirety.

3.5 Recommending Directors

The Recommending Directors for the purposes of the Proposed Whitewash Resolution are all the existing Independent Directors of the Company, namely, Mr Ng Fook Ai, Victor and Mr Teo Eu Jin, Nicholas.

The Proposed Whitewash Resolution is one of the Key Resolutions to be voted upon at the EGM whereby if any of the Key Resolutions are not approved, the other Key Resolutions will not be duly passed.

As the Major Shareholder has given the Cost Reimbursement Undertaking (whereby the Major Shareholder has agreed to reimburse the Company for all costs and expenses relating to the Proposed Acquisition in the event the Proposed Acquisition is not successful), the Major Shareholder may have an interest in the Completion of the Proposed Acquisition.

The other existing Directors of the Company, namely, Mr Teo Soo Kiat, Mr Teo Soo Chew, Mr Teo Chiang Khai and Mr Teo Hsi Leang, are representatives of the Major Shareholder on the Board, and hence may not be regarded as independent for purposes of recommending the Proposed Whitewash Resolution.

A4. Proposed Share Consolidation

4.1 Proposed Share Consolidation

In connection with the Proposed Acquisition, the Company proposes to undertake the Proposed Share Consolidation pursuant to which the Company will consolidate every seven (7) Pre-Consolidated Shares into one (1) Consolidated Share.

Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, pursuant to the Proposed Share Consolidation based on their shareholdings as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions thereof arising from the Proposed Share Consolidation will be disregarded. As the proceeds of the sale of fractions of Consolidated Shares arising from the Proposed Share Consolidation are likely to be less than the administrative costs and expenses involved in despatching such proceeds to the Shareholders, fractions of Consolidated Shares arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company. Each Consolidated Share will rank *pari passu* with each other and will be traded in board lots of 100 Consolidated Shares. Please refer to Sections 4.8 and 4.9 of Part A of this Circular for information on the arrangements made by the Company in relation to the trading of the Shares and odd lots.

As at the Latest Practicable Date, the Company has a total issued share capital of S$11,075,295.40 divided into 305,982,583 Pre-Consolidated Shares. Following the completion of the Proposed Share Consolidation, the Company will have a total issued share capital of S$11,075,295.40 divided into approximately 43,711,798 Consolidated Shares.

The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Company. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation.

4.2 Rationale for the Proposed Share Consolidation

The Proposed Share Consolidation is to be undertaken in connection with the Proposed Acquisition and Proposed Compliance Placement so as to ensure compliance with the Minimum Issue Price on the Completion Date. On 1 February 2008, the SGX-ST issued a guidance note to state that the Minimum Issue Price for initial public offerings should also apply to reverse takeovers. The Catalist Rules also state that where the consideration for the acquisition of assets by the issuer is to be satisfied by the issue of shares, the price per share of the issuer after adjusting for any share consolidation must not be lower than S$0.20.

4.3 Conditions Precedent for the Proposed Share Consolidation

Pursuant to Constitution, the implementation of the Proposed Share Consolidation is subject to the approval of the Shareholders. Shareholders should also note that under the RTO SPA, Shareholders' approval for the Proposed Share Consolidation is a condition precedent to the Completion of the Proposed Acquisition and if Shareholders' approval of the Proposed Share Consolidation is not obtained, the Proposed Acquisition will not proceed to Completion. Shareholders should refer to Section 1.4 of Part A of this Circular entitled "Inter-Conditionality of Resolutions" of this Circular or the inter-conditionality of resolutions contained in this Circular.

Subject to Shareholders' approval being obtained for, *inter alia*, the Proposed Share Consolidation at the EGM, and the listing and quotation notice from the SGX-ST for the listing of and quotation for the Consolidated Shares on the Catalist (the "**L&Q Notice**") being received, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be determined on the Books Closure Date. The Company will in due course make an announcement to notify Shareholders of the Books Closure Date and the date on which the Shares will be traded on the SGX-ST in board lots of 100 Consolidated Shares (the "**Effective Trading Date**").

4.4 Updating of Register of Members and Depository Register for the Shares

If, *inter alia*, the ordinary resolution in the Notice of EGM relating to the Proposed Share Consolidation is passed at the EGM and the L&Q Notice is received, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be determined on the Books Closure Date and the Register of Members and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders and depositors based on their shareholdings in the Company as at the Books Closure Date. The Consolidated Shares will trade in board lots of 100 Consolidated Shares on the Effective Trading Date.

No fees will be payable by Shareholders for the update of the Register of Members and Depository Register for the Consolidated Shares and for the issue of the New Share Certificates.

4.5 Deposit of Share Certificates with CDP

Shareholders who hold physical share certificates for the Consolidated Shares in their own names ("**Old Share Certificates**") and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates, together with duly executed instruments of transfer in favour of CDP, no later than 12 Market Days prior to the Books Closure Date.

After the Books Closure Date, CDP will only accept for deposit new share certificates for Consolidated Shares ("**New Share Certificates**"). Shareholders who wish to deposit their share certificates with CDP after the Books Closure Date must first deliver their Old Share Certificates to the Share Registrar for cancellation and issue of New Share Certificates in replacement thereof as described below. Upon receipt of the New Share Certificates in their own names, Shareholders may proceed to deposit these New Share Certificates with the CDP.

4.6 Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Books Closure Date need not take any action. The Company will arrange with CDP to facilitate the exchange of New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), as soon as possible after they have been notified of the Books Closure Date, and preferably, not later than five (5) Market Days after the Books Closure Date for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Registrar for the receipt of the physical Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of the Shareholders at their own risk within 10 Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have been tendered to the Share Registrar for cancellation.

Shareholders should notify the Share Registrar if they have lost any of their existing Old Share Certificates or if there is any change in their address from that reflected in the Register of Members of the Company.

Shareholders are to deliver their respective Old Share Certificates to the Share Registrar or CDP in accordance with the provisions set out above only after the announcement of the Books Closure Date by the Company.

4.7 Share Certificates Not Valid for Settlement of Trades on the Catalist

Shareholders who hold physical share certificates are reminded that their Old Share Certificates will not be valid for settlement of trading in the Consolidated Shares on the Catalist (as the Company is under a book-entry (scripless) settlement system) but will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the Share Registrar. The New Share Certificates will not be valid for delivery for trades done on the Catalist although they will continue to be prima facie evidence of legal title.

4.8 Trading Arrangements for the Consolidated Shares

Subject to, *inter alia*, the approval for the Proposed Share Consolidation by the Shareholders at the EGM and receipt of the L&Q Notice, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Consolidated Shares will be in board lots of 100 Consolidated Shares. Trading in the Pre-Consolidated Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

4.9 Trading Arrangements for Odd Lots

All fractional entitlements arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors (as the case may be) may, in their absolute discretion, deem fit in the interest of the Company.

The Shares are currently traded in board lots of 100 Shares in the ready market. Following the Proposed Share Consolidation, the Securities Accounts maintained with CDP of Shareholders (being Depositors) may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares). Shareholders who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade in odd lots on the SGX-ST should note that the unit share market allows trading in odd lots with a minimum size of one (1) Consolidated Share on the SGX-ST. The SGX-ST's Unit Share Market will enable trading in odd lots in any quantity less than one (1) board lot of the underlying Consolidated Shares in the ready market.

The Company will be making an application to the SGX-ST to set up a temporary counter to allow Shareholders to trade in board lots of 100 Consolidated Shares. This temporary counter will be maintained for a period of one (1) calendar month commencing from the Effective Trading Date (the "**Concessionary Period**"). Thereafter, Shareholders can trade in odd lots of Consolidated Shares on the SGX-ST Unit Share Market.

The set-up of the temporary odd lot counter is strictly of a provisional nature. Entitled Shareholders who continue to hold odd lots of less than 100 Consolidated Shares after the Concessionary Period may find difficulty and/or have to bear disproportionate transaction costs in realising the fair market price of such Consolidated Shares.

4.10 Books Closure Date and Effective Trading Date

The announcement on the Books Closure Date in relation to the Proposed Share Consolidation and the Effective Trading Date in respect of the Proposed Share Consolidation will be made by the Company in due course. Please refer to the Section entitled "Indicative Timetable for the Proposed Acquisition" of this Circular for further details.

A5. Proposed Compliance Placement

5.1 General

Under Rule 724 of the Catalist Rules, the SGX-ST may suspend trading of the Shares if less than 10.0% of the issued and paid-up share capital of the Company is held in the hands of the Public. The SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of issued and paid-up share capital of the Company in the hands of the Public to at least 10.0%.

In addition, the Company is required to comply with Rule 1015(3)(a) read with Rule 406(1) of the Catalist Rules, where at least 15.0% of the issued and paid-up share capital of the Company must be held in the hands of at least 200 shareholders who are members of the public ("**Minimum Public Float**").

Subject to and on Completion, it is envisaged that the Relevant Vendor Parties, together with the Major Shareholder, will hold more than 85.0% of the enlarged share capital of the Company upon Completion.

In that event, the Company will not meet the shareholding spread and distribution requirements set out in the Catalist Rules. Accordingly, in connection with the Proposed Acquisition, the Company is required under the Catalist Rules to place out Shares to satisfy the minimum distribution and shareholding spread requirements of 15.0% of the Company's enlarged share capital to be held by 200 shareholders who are members of the public on Catalist following Completion and the issue price for any Shares to be placed out (after the Proposed Share Consolidation) shall not be less than S$0.20 ("**Minimum Issue Price**").

5.2 Proposed Compliance Placement

To meet the Minimum Public Float and to raise funds for the Business following Completion, it is contemplated that there will be a placement ("**Proposed Compliance Placement**") of up to 100,400,000 Consolidated Shares ("**Placement Shares**") as follows:

(a) the Proposed Allotment and Issue of the Company Placement Shares of up to 93,000,000 new Consolidated Shares by the Company; and

(b) the Placement Vendor selling of up to 7,400,000 Consideration Shares ("**Vendor Placement Shares**"),

provided that the final number of Vendor Placement Shares to be sold under the Proposed Compliance Placement shall be mutually agreed between the Placement Vendor, the Company and the Placement Agent, and any Vendor Placement Shares not sold by the Placement Vendor under the Proposed Compliance Placement may be replaced with Company Placement Shares to be issued by the Company under the Proposed Compliance Placement.

Shareholders should note that the number of Placement Shares to be placed or sold will depend on various factors such as market conditions, as well as potential investors' interest in the Shares of the Company upon Completion, and there is no certainty or assurance that the Company will be able to place out all or any of the Company Placement Shares and raise the requisite gross proceeds therefrom.

The Company and the Placement Vendor had appointed PPCF as the placement agent for the Proposed Compliance Placement ("**Placement Agent**"). As at the Latest Practicable Date, the terms of the Proposed Compliance Placement have yet to be finalised pending the entry by the Company and the Placement Vendor into a definitive placement agreement with the Placement Agent for the placement by the Company and the Placement Vendor of the Placement Shares pursuant to the Proposed Compliance Placement.

The Proposed Compliance Placement is subject to, amongst other things, the following conditions being fulfilled:

(a) approval by Shareholders of the allotment and issue of the Company Placement Shares; and

(b) listing and quotation notice for the dealing in, listing and quotation of the Company Placement Shares on the Catalist of the SGX-ST being obtained from the SGX-ST, such notice not being revoked and amended, and where such listing and quotation notice is obtained subject to any conditions, such conditions being reasonably acceptable to and confirmed by the relevant parties.

The listing and quotation notice, if issued by the SGX-ST for the listing and quotation of the Consideration Shares and the Company Placement Shares, is not to be taken as an indication of the merits of the Proposed Transactions, the Company, the Memories Group, the Enlarged Group, the Shares, the Consideration Shares, the Company Placement Shares and/or the Performance Shares.

After the Proposed Share Consolidation, the completion of the Proposed Compliance Placement is expected to take place on or after the allotment and issue of the Consideration Shares. The Company Placement Shares, when allotted and issued, will rank *pari passu* in all respects with the Consolidated Shares then in issue, save for any rights, benefits and entitlements the Record Date for which is before the date of the Proposed Compliance Placement.

Shareholders' approval will be sought at the EGM for the allotment and issue of the Company Placement Shares, on such terms as may be determined by the Proposed Directors including, without limitation, the issue price of the Company Placement Shares. The issue price or purchase price of each Placement Share to be offered under the Proposed Compliance Placement shall be determined by the Company and the Placement Vendor in consultation with the Financial Adviser, Sponsor and the Placement Agent, but in any event, shall not be less than the Minimum Issue Price.

Shareholders should note that the terms and timing of the Proposed Compliance Placement, if and when they occur, would depend on various factors such as market conditions as well as the entry into a placement agreement on terms and conditions acceptable to the Company, the Placement Vendor and the Placement Agent.

An offer information statement containing further details of the Proposed Compliance Placement will be lodged with the SGX-ST, acting as agent on behalf of the Authority, in due course.

5.3 Use of Proceeds

For illustrative purposes, information in this Section has been presented assuming that the Proposed Compliance Placement is in respect of all of the 93,000,000 Company Placement Shares and all of the 7,400,000 Vendor Placement Shares at a placement price of S$0.26 ("Placement Issue Price") per Placement Share and a placement commission of 3.5% of the Placement Issue Price for each Placement Share. Shareholders should note that the foregoing terms are only indicative, and should not be construed as a representation that the Proposed Compliance Placement will be made on those terms.

The total net proceeds to be raised by the Company from the proposed placement of the Company Placement Shares, after deducting for estimated expenses (including placement commission and expenses relating to the Proposed Acquisition) of approximately S$3.5 million, is estimated to amount to S$20.7 million ("**Net Proceeds**").

The Company will not receive any of the proceeds from the sale of the Vendor Placement Shares. The commission and selling related expenses arising from the proposed sale of the Vendor Placement Shares will be paid by the Placement Vendor.

Save for the placement commission and brokerage or selling commission, none of the expenses incurred in connection with the Proposed Compliance Placement are envisaged to be paid by a subscriber of the Company Placement Shares or a purchaser of the Vendor Placement Shares.

The final placement commission and the brokerage and selling commission shall be determined following the entering into a definitive placement agreement with the Placement Agent.

The New Board intends to allocate the Net Proceeds for the following purposes:

Use of proceeds	Estimated amount (S$'000)	As a percentage of gross proceeds due to the Company from the Company Placement Shares (%)
Completion of construction of Pun Hlaing Lodge[(1)]	8,270	34.3
Expenditure for branding and marketing efforts and developing an integrated technology platform[(2)]	2,067	8.5
Working capital	2,067	8.5
Development of the BL Land[(3)(4)]	6,202	25.7
Investment in or acquisition of further hospitality and tourism assets in Myanmar[(5)]	2,067	8.5
Net proceeds	20,674	85.5
Estimated expenses incurred in relation to the Proposed Transactions[(6)]	2,660	11.0
Placement Commission[(7)]	846	3.5
Total Gross Proceeds from the Proposed Compliance Placement to the Company	24,180	100.0
Total Gross Proceeds from the Proposed Compliance Placement to the Placement Vendor	1,924	N.A.
Total	26,104	N.A.

Notes:

(1) Under the terms of the RTO SPA, the Company is obliged to fund the cost of construction of the Pun Hlaing Lodge to up to US$12.0 million, with the balance of the construction costs (including any cost overruns) to be borne by the PHL Vendor, subject to certain exceptions. The New Board intends to allocate a portion of the Net Proceeds to fund the Company's share of the remaining construction cost of Pun Hlaing Lodge, with the rest of the construction costs to be financed by internally generated funds and bank loans.

(2) After Completion of the Proposed Acquisition, the Company will change its name to "Memories Group Limited" and the Enlarged Group will be known as the Memories Group. The Company intends to allocate a portion of the Net Proceeds for the development of new promotional materials, websites and advertising campaign for the new branding and marketing efforts, and also to develop and maintain an integrated technology platform to enable the Enlarged Group to harness efficiencies and manage client relationships across the various businesses.

(3) The development of the BL Land into a commercial tourism-related development as part of the BL Business which the Enlarged Group will undertake following Completion of the Proposed Acquisition, subject to the Company exploring feasible options and obtaining relevant regulatory Approvals for such development.

(4) In the event of the completion of the Potential Buyback in relation to BL Business, the proceeds allocated for the development of the BL Land shall be re-allocated for investment in or acquisition of further hospitality and tourism assets in Myanmar. In such event, Chapters 9 and/or 10 of the Catalist Rules will be complied with in relation to the investment or acquisition, where relevant.

(5) The New Board intends to invest in or acquire further hospitality and tourism assets in Myanmar to expand the Enlarged Group's platform and offerings in Myanmar, either through internal organic growth and/or through acquisitions, joint ventures and/or strategic alliances with third parties. As at the Latest Practicable Date, no investment or acquisition target has been identified.

(6) The aggregated estimated expenses incurred in relation to the Proposed Transactions (excluding the placement commission) are approximately S$5.3 million and for which the Vendors shall be responsible for the amount of approximately S$2.6 million. A portion of the remaining S$2.7 million is paid out of the Cash Balance.

(7) This excludes the Placement Vendor's portion of the placement commission. The Placement Vendor and the Company will pay PPCF the placement commission, as compensation for their services in connection with the Proposed Compliance Placement and pursuant to the placement agreement to be entered into, assuming the Placement Issue Price and a commission of 3.5% of the Placement Issue Price for each Placement Share. Subject to approval by the Shareholders at the EGM for, *inter alia*, the Proposed Compliance Placement, the actual placement price of each Placement Share shall be determined by the Company in consultation with the Financial Adviser, Sponsor and the Placement Agent but in any event, shall not be less than the Minimum Issue Price.

Shareholders should note that the actual number of Placement Shares to be sold will depend on various factors such as market conditions, as well as potential investors' interest in the Shares of the Company upon Completion, and there is no certainty or assurance that the Company will be able to place out all or any of the Placement Shares and raise the requisite Net Proceeds therefrom. In such event, the New Board shall allocate the actual Net Proceeds raised amongst the stated use of proceeds in such order of priority and/or such quantum as the New Board may determine, subject to the relevant announcements to be made by the Company in relation to the same.

Pending the specific deployment of funds, the net proceeds may be placed as deposits with financial institutions or used for investment in short-term money market instruments as may be determined by the New Board in their discretion.

The Company will make periodic announcements as and when the proceeds from the issue of the Company Placement Shares are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated in this Circular. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of the net proceeds in its financial results announcements and annual report. Any material deviation in the use of the net proceeds will be subject to the Catalist Rules and appropriate announcements will be made by the Company on SGXNET.

In the opinion of the New Board, there is no minimum amount that must be raised from the Proposed Compliance Placement, save for purposes of meeting the Minimum Public Float at the Minimum Issue Price.

A6. Financial Effects of the Proposed Transactions

6.1 Financial Effects of the Proposed Transactions

6.1.1 Bases and Assumptions

The pro forma financial effects of the Proposed Transactions are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Enlarged Group following the completion of the Proposed Transactions.

The pro forma financial effects of the Proposed Transactions on the share capital, earnings, net tangible assets ("**NTA**") and gearing of the Enlarged Group have been prepared based on the unaudited financial results of the Company for the financial

year ended 31 December 2016, the unaudited financial results of the Company for the three-month financial period ended 31 March 2017, and the unaudited pro forma financial results of the Memories Group for the financial year ended 31 March 2017.

The pro forma financial effects of the Enlarged Group below is presented in S$, while the unaudited pro forma financial results of the Memories Group for the financial year ended 31 March 2017 was prepared in US$. The exchange rate used for conversion in the unaudited proforma financial effects of the Enlarged Group below was US$1: S$1.3970 for items in the statement of financial position as at 31 March 2017 and US$1: S$1.3846 for the statement of comprehensive income based on weighted average for the financial year ended 31 March 2017.

For illustrative purposes only, the financial effects of the Proposed Transactions are computed based on, *inter alia*, the following assumptions:

(i) the financial effects on loss and LPS of the Enlarged Group are computed assuming that the Proposed Transactions have been completed on 1 April 2016;

(ii) the financial effects on share capital, NTA and gearing of the Enlarged Group are computed assuming that the Proposed Transactions have been completed on 31 March 2017;

(iii) all of the Company Placement Shares are allotted and issued, and all of the Vendor Placement Shares are sold pursuant to the Proposed Compliance Placement;

(iv) the financial effects do not take into account any transactions effected or completed by the Enlarged Group subsequent to 31 March 2017;

(v) the difference between the deemed consideration for the Proposed Acquisition and the fair value of the net assets of the Enlarged Group, if any, have not been considered and will be determined on the date of Completion when the Relevant Vendor Parties have effectively obtained control of the Company. The actual difference could be materially different from the aforementioned assumption;

(vi) the financial effects take into account the SHC Capital Reduction in relation to the cash distribution of approximately S$29.1 million;

(vii) costs and expenses in connection with the Proposed Transactions are assumed to be approximately S$5.3 million; and

(viii) the placement agent commission related to the issuance of the Company Placement Shares is assumed to be approximately S$0.8 million.

6.1.2 Share Capital

	Number of Shares/ Consolidated Shares	Issued and Paid-Up Share Capital (S$'000)
Before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement	305,982,583	11,075
After the Proposed Acquisition and the Proposed Share Consolidation, but before the Proposed Compliance Placement	308,708,863	81,196
After the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement (assuming the full allotment and issue of Company Placement Shares)	401,708,863	105,376

6.1.3 NTA and NTA per Share/Consolidated Share

	NTA (S$'000)	Number of Shares/ Consolidated Shares	NTA per Share/ Consolidated Share (cents)
Before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement	7,027	305,982,583	2.30
After the Proposed Acquisition and the Proposed Share Consolidation, but before the Proposed Compliance Placement	31,670	308,708,863	10.26
After the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement (assuming the full allotment and issue of the Company Placement Shares)	55,004	401,708,863	13.69

6.1.4 Loss and loss per Share/Consolidated Share

	Loss for FY2016 (S$'000)	Number of Shares/ Consolidated Shares	Loss per Share/ Consolidated Share (cents)
Before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement	(2,370)	305,982,583	(0.77)
After the Proposed Acquisition and the Proposed Share Consolidation, but before the Proposed Compliance Placement	(6,201)	308,708,863	(2.01)
After the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement (assuming the full allotment and issue of the Company Placement Shares)	(6,201)	401,708,863	(1.54)

6.1.5 Gearing

	Total borrowings (S$'000)	Total shareholders' funds (S$'000)	Gearing[(1)] (times)
Before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement	N.A.[(2)]	7,027	N.A.[(2)]
After the Proposed Acquisition and the Proposed Share Consolidation, but before the Proposed Compliance Placement	3,745	45,946	0.08
After the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement (assuming the full allotment and issue of the Company Placement Shares)	N.A.[(2)]	69,280	N.A.[(3)]

Notes:

(1) Gearing is determined based on net debt divided by total capital. The Enlarged Group's net debt comprises trade and other payables less cash and bank balances. Total capital refers to capital and reserves attributable to the equity holders of the Company.

(2) Not applicable as net debt of the Company as at 31 March 2017 is negative due to the cash and cash equivalents of approximately S$7.3 million being greater than the total liabilities of approximately S$0.5 million.

(3) Not applicable as net debt of the Enlarged Group as at 31 March 2017 is negative due to the cash and cash equivalents of approximately S$24.3 million being greater than the total liabilities of approximately S$4.7 million.

6.2 Proposed Change of Financial Year End and Change of Presentation Currency

The Company's current financial year end is 31 December and that of the Memories Group is 31 March. In order to align the financial year end of the Company with that of the Memories Group, it is proposed for the Company to change its financial year end from 31 December to 31 March. The change in the financial year end of the Company will facilitate the preparation of the consolidated financial statements of the Enlarged Group, and increase cost-efficiencies by reducing audit and accounting charges resulting from two (2) different year end dates.

As the functional currencies of the entities in the Memories Group are in US$ and Kyat, and the presentation currency is in US$, the New Board intends to change the presentation currency of the Enlarged Group after Completion of the Proposed Acquisition to US$.

A7. Proposed Appointments of Proposed Directors upon Completion

Upon Completion, all the Existing Directors will resign and the Company proposes to appoint the New Board.

The members of the New Board will comprise:

(a) Mr Serge Pun – Executive Chairman;

(b) Mr Michel Novatin – Executive Director and Chief Executive Officer;

(c) Mr Tun Tun – Non-Executive Director;

(d) Mr Basil Chan – Lead Independent Director;

(e) Mr Robin C. Lee – Independent Director; and

(f) Ms Judy Chan – Independent Director.

For further information on each of the Proposed Directors and details of the New Audit Committee, New Nominating Committee and the New Remuneration Committee of the Company after the Completion, please refer to Section 14.1 of Part A of this Circular entitled "Proposed Directors and Proposed Executive Officers" and Section 14.5 of Part A of this Circular entitled "Corporate Governance".

Shareholders' approval will be sought for the appointments of the Proposed Directors at the EGM under Ordinary Resolution 7 to Ordinary Resolution 12.

A8. Proposed Share Issue Mandate

The General Share Issue Mandate of the Company was obtained at the AGM of the Company held on 28 April 2017, which authorises Directors to allot and issue new Shares in accordance with, and subject to, the provisions of Rule 806 of the Catalist Rules. The aggregate number of Shares which may be issued under the General Share Issue Mandate is determined based on the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) at the time of the passing of the General Share Issue Mandate (that is, as at 28 April 2017).

The Company is proposing to seek Shareholders' approval at the EGM for the grant of a new general mandate for the aggregate number of shares which may be issued, to be determined based on the total number of Consolidated Shares (excluding Treasury Shares and subsidiary holdings) after completion of the Proposed Acquisition and the Proposed Compliance Placement ("**Proposed Share Issue Mandate**"). This is in addition to the authorisation to be sought for the Proposed Allotment and Issue of the Consideration Shares and the Company Placement Shares.

Specifically, approval from the Shareholders will be sought for, amongst others, authority to be granted pursuant to Article 47 of the Constitution and Rule 806 of the Catalist Rules to the New Board to allot and issue new Shares in the capital of the Company (whether by way of rights issue, bonus issue or otherwise) and/or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into Shares, at any time and upon such terms and conditions, and for such purposes and to such persons as the New Board shall in their absolute discretion deem fit, provided that the aggregate number of new Shares to be issued pursuant to such authority shall not exceed 100.0% of the then-existing issued share capital of the Company and that the aggregate number of Shares to be issued other than on a pro-rata basis to the then-existing Shareholders shall not exceed 50.0% of the then-existing issued share capital of the Company, and, unless revoked or varied by the Shareholders in general meeting, such authority shall continue in full force until the conclusion of the next AGM or the date by which the next AGM is required by law or the Catalist Rules to be held, whichever is earlier. For this purpose, the "then-existing issued share capital" shall mean the Enlarged Share Capital.

The Proposed Share Issue Mandate will take effect from the passing of Ordinary Resolution 13 (subject of the passing of the Key Resolutions and Completion) and shall continue in force until the next AGM, unless prior thereto such authority is revoked or varied by the Company in general meeting or the Proposed Share Issue Mandate is carried out to the full extent mandated.

A9. Proposed Adoption of the Memories PSP

The Proposed Adoption of the Memories PSP will take effect from the passing of Ordinary Resolution 14 but is subject to the passing of the Key Resolutions and Completion.

It will apply to employees of the Enlarged Group following Completion and the Proposed Directors who are (i) Executive Directors, including Directors who are Controlling Shareholders, and Directors who are Associates of Controlling Shareholders; and (ii) Non-Executive Directors including Independent Directors.

The Proposed Adoption of the Memories PSP has been reviewed and recommended by the Proposed Directors.

In view of the foregoing and the rationale for the Proposed Adoption of the Memories PSP (as described in Section 9.1 of Part A of this Circular), the Directors are seeking Shareholders' approval for the Proposed Adoption of the Memories PSP under Ordinary Resolution 14 at the EGM.

Reference to Shares in this Section 9 shall mean the Consolidated Shares.

9.1 Rationale

The Proposed Directors are of the view that following Completion, the Memories PSP will allow the Company to target specific performance objectives and to provide an incentive for Participants to achieve these targets, which will ultimately create and enhance economic value for Shareholders. Through the Memories PSP, the Company will be able to motivate Participants to continue to strive for the Enlarged Group's long-term prosperity. The Memories PSP will provide the Company with a flexible approach to performance incentives and foster a greater ownership culture amongst senior management and Directors.

The Company believes that attracting and retaining outstanding individuals as employees and Directors is vital to the Enlarged Group's long-term objective of achieving continuous growth, expansion and profitability in its business and operations. It is hoped that through the implementation of the Memories PSP, the Company will be able to establish itself as an attractive and competitive employer and better manage its costs without compromising on performance standards and efficiency.

Through the Memories PSP, the award of fully-paid Shares, free of charge, to the Participants is intended to be a motivating form of bonus to employees as it gives them a stake in the ownership of the Company while also allowing the Company to offer competitive incentives and remuneration packages.

9.2 Share Awards under the Memories PSP

The Awards granted under this Memories PSP will be determined at the sole discretion of the New Remuneration Committee which will oversee and administer the Memories PSP. In considering the grant of an Award to a Participant, the New Remuneration Committee shall take into account (where applicable) criteria such as the rank, scope of responsibilities, performance, years of service and potential for future development of the selected Employee. The length of the vesting period(s) in respect of each Award will be determined by the New Remuneration Committee on a case-by-case basis taking into consideration the length of service of the Participant and the need to retain the Participant so as to encourage him/her to continue serving the Enlarged Group for a further period even after having satisfied the performance target. No minimum vesting periods are prescribed under the Memories PSP. The criteria and terms of the Awards will be applied consistently to all Participants including the Controlling Shareholders and their Associates.

9.3 Size of the Memories PSP

The total number of Performance Shares which may be issued pursuant to Awards granted under the Memories PSP shall not exceed 15.0% of the total issued Shares (excluding Treasury Shares) from time to time. The Memories PSP is subject to the approval of the independent Shareholders for purposes of the Memories PSP, which is being sought at the EGM.

9.4 Summary of the Memories PSP

A summary of the rules of the Memories PSP is set out below, with the rules of the Memories PSP set out in Appendix R of this Circular.

9.4.1 Eligibility

Employees who are eligible to participate in the Memories PSP must be:

(i) Group Employees

(a) confirmed full-time employees of the Enlarged Group who have attained the age of 21 years on or before the date of Award and are not undischarged bankrupts and have not entered into a composition with their respective creditors; and

(b) Executive Directors, including Directors who are Controlling Shareholders, and Directors who are Associates of Controlling Shareholders; and

(ii) Non-Executive Directors including Independent Directors

Save as prescribed by Rule 852[1] of the Catalist Rules, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company.

Participation by Executive Directors and Group Employees

The Memories PSP allows the Enlarged Group to have a fair and equitable system to reward employees (including the Executive Directors) who have made and who continue to make contributions to the long-term growth of the Enlarged Group. The success of the Enlarged Group's business is dependent on the Enlarged Group's ability to attract and retain competent employees and the Company believes that the Memories PSP will be an essential part of the Enlarged Group's strategy for recruiting and retaining talent.

1 Rule 852 of the Catalist Rules provides that participation in a scheme by controlling shareholders and their Associates must be approved by independent shareholders of the issuer. A separate resolution must be passed by independent shareholders of the issuer. A separate resolution must be passed for each person and to approve the actual number and terms of awards to be granted to that Participant.

Participation by Non-Executive and Independent Directors

Although the Non-Executive and Independent Directors are not involved in the day to day management of the Enlarged Group, these Directors bring a wealth of knowledge, business expertise and contacts in the business community to the Enlarged Group. They play a crucial role in helping the Enlarged Group to shape its business strategy and further its business interests by allowing the Enlarged Group the benefit of their different backgrounds and diverse working experiences. The Non-Executive and Independent Directors also sit on the New Audit Committee, the New Remuneration Committee and the New Nominating Committee of the Company. As Non-Executive and Independent Directors and committee members, these Directors serve an important function in ensuring good corporate governance of the Enlarged Group.

Following Completion, the Non-Executive and Independent Directors of the New Board will be remunerated for their services by way of Directors' fees paid in the form of cash. Extending the Memories PSP to the Non-Executive and Independent Directors will provide an alternative to cash remuneration as it may not always be possible to compensate the Non-Executive and Independent Directors fully or appropriately by way of Directors' fees. Non-Executive and Independent Directors often contribute to the Enlarged Group in a variety of ways, including valuable connections and insight, which may be difficult to quantify in monetary terms. The grant of Awards to Non-Executive and Independent Directors will allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company and to motivate existing Directors to take extra efforts to promote the interests of the Enlarged Group.

The selection of Directors to participate in the Memories PSP and the number of Awards to be offered (in accordance with the Memories PSP) will be made by the New Remuneration Committee taking into consideration among other things, the services and contributions made by such Directors to the growth, development and success of the Enlarged Group. The New Remuneration Committee may, where it considers it relevant, take into account other factors such as general economic conditions and the Company's performance. Although the Non-Executive and Independent Directors may be appointed as members of the New Remuneration Committee, the rules of the Memories PSP (as set out in Appendix R of this Circular) provide that a member of the New Remuneration Committee shall not be involved in the deliberations of the New Remuneration Committee in respect of the grant of Awards to him. The Directors intend to grant Awards to Non-Executive and Independent Directors in amounts which will minimise the potential conflicts of interest and/or not to compromise the independence of the Independent Directors.

Participation by a Director who is a Controlling Shareholder or Directors who are Associates of a Controlling Shareholder

Participation by a Director who is a Controlling Shareholder or a Director who is an Associate of a Controlling Shareholder shall be approved by independent Shareholders for purposes of the Memories PSP. Separate resolutions must be passed to approve for each such person and, in respect of each such person, in separate resolutions for (i) such person's participation and (ii) the actual or

maximum number of Shares and terms of any Awards to be granted to such person. The Company will seek such approval, if required. As at the Latest Practicable Date, Mr Serge Pun is deemed a Controlling Shareholder.

The criteria and terms of the Awards will be applied consistently to all Participants including a Controlling Shareholder and their Associates.

9.4.2 Size

The total number of Performance Shares which may be issued pursuant to Awards granted under the Memories PSP and any other share-based incentive scheme shall not exceed 15.0% of the total issued Shares (excluding Treasury Shares) from time to time (the "**Prescribed Limit**").

The following additional limits must not be exceeded:

(i) the aggregate number of Shares available to Controlling Shareholders and their Associates must not exceed 25.0% of the Shares available under the Memories PSP; and

(ii) the number of Shares available to each Controlling Shareholder or his Associate must not exceed 10.0% of the Shares available under the Memories PSP.

The Company may also deliver Shares pursuant to Awards granted under the Memories PSP in the form of existing Shares purchased from the market or from Treasury Shares.

The Directors believe that the size of the Memories PSP is reasonable, taking into account the nature of the Enlarged Group's business, the contributions of the Participants, and the share capital of the Company. The Directors believe that the size of the Memories PSP will give the Company sufficient flexibility to decide the number of Shares to be awarded under the Memories PSP. However, it does not indicate that the New Remuneration Committee will definitely issue Shares up to the Prescribed Limit. The New Remuneration Committee will exercise its discretion in deciding the number of Shares to be awarded to each Participant under the Memories PSP. This, in turn, will depend on and be commensurate with the performance and value of each Participant to the Enlarged Group.

The number of Shares to be awarded to each Participant in accordance with the Memories PSP shall be determined at the absolute discretion of the New Remuneration Committee, which shall take into account criteria such as the rank and responsibilities, performance, years of service and potential for future development of the Participant. Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the New Remuneration Committee under the Memories PSP.

9.4.3 Duration

The Memories PSP shall continue in force at the discretion of the New Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Memories PSP is adopted by the Company in a general meeting, provided always that the Memories PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the Memories PSP, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

Assuming Completion of the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement (assuming the full allotment and issue of Company Placement Shares), the total number of issued Consolidated Shares will be 401,708,863 and the aggregated number of Consolidated Shares available under the Memories PSP would be 60,256,329.

9.4.4 Awards

Awards represent the right of a Participant to receive fully-paid Shares free of charge, provided that certain prescribed performance targets are met prior to the expiry of the prescribed performance period. The Company believes that the ability to offer Awards free of charge will operate as a means to recognise and acknowledge the Participant for their outstanding performance, reward their valuable and dedicated service to the Enlarged Group, and motivate and encourage greater dedication and loyalty to the Enlarged Group. It will also help to place the Enlarged Group in a more competitive position in the recruitment and retention of staff in an intensely competitive environment by enhancing the competitiveness of remuneration packages offered to existing and prospective employees. Shares which are allotted and issued or transferred to a Participant are not subject to any restrictions against disposal or sale or any other dealings by the Participant.

9.4.5 Entitlement to Awards

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Memories PSP shall be determined at the absolute discretion of the New Remuneration Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development, contribution to the success of the Enlarged Group and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period.

9.4.6 Details of Awards

The New Remuneration Committee shall decide, *inter alia*, at its sole discretion, the following:

(i) the Participant;

(ii) the Award Date;

(iii) the performance period;

(iv) the number of Shares which are the subject of the Award;

(v) the vesting period;

(vi) the performance target(s) which shall be set based on the proposal of the management of the Company and according to the specific roles of each Participant, and which may differ from Participant to Participant;

(vii) the Released Schedule; and

(viii) any other condition which the New Remuneration Committee may determine in relation to that Award.

The length of the vesting period(s) in respect of each Award will be determined by the New Remuneration Committee on a case-by-case basis taking into consideration the length of service of the Participant and the need to retain the Participant so as to encourage him/her to continue serving the Enlarged Group for a further period even after having satisfied the performance target. No minimum vesting periods are prescribed under the Memories PSP.

9.4.7 Operation of the Memories PSP

Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to compliance with terms of the Memories PSP and the Constitution, the Company, will deliver Shares to Participants within 10 Market Days after the vesting of their Awards by way of either:

(i) an allotment and issue of Performance Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the New Remuneration Committee may deem fit; or

(ii) delivering existing Shares to the Participant, whether such existing Shares are purchased or acquired pursuant to a share buyback mandate or (to the extent permitted by law) held as Treasury Shares and do such acts or things which are necessary for the delivery to be effective.

In determining whether to allot and issue New Shares or the delivery of existing Shares to the Participants to satisfy the Awards, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of issuing and allotting New Shares or delivering existing Shares.

The financial effects of the above methods are discussed in Section 9.5 below.

New Shares allotted and issued and existing Shares procured by the Company for delivery, on the release of an Award shall be eligible for all entitlements, including voting, transfer, dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date of issue or, as the case may be, delivery, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The New Remuneration Committee, in consultation with the management of the Company, shall have the discretion to determine whether the performance target(s) has been satisfied (whether fully or partially) or exceeded and in making such determination, the New Remuneration Committee shall have the right to make reference to the audited results of the Company or the Enlarged Group to take into account such factors as the New Remuneration Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance targets(s) if the New Remuneration Committee decides that a changed performance target would be a fairer measure of performance.

9.4.8 Events prior to Vesting Period

An Award shall, to the extent not yet released, immediately lapse without any claim whatsoever against the Company:

(i) in the event of misconduct on the part of the Participant as determined by the New Remuneration Committee in its discretion;

(ii) subject to Rule 6.2 of the Rules of Memories PSP, upon the Participant ceasing to hold any position within the Enlarged Group for any reason whatsoever;

(iii) the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of an Award; or

(iv) in the event of an order being made or a resolution passed for the winding up of the Company on the basis, or by reason, of its insolvency.

In any of the following events:

(i) where the Participant, ceases to hold any position within the Enlarged Group by reason of:

(a) ill health, injury or disability (in each case, evidenced to the satisfaction of the New Remuneration Committee);

(b) redundancy;

(c) retirement at or after the legal retirement age;

(d) retirement before the legal retirement age with the consent of the New Remuneration Committee; or

(e) the company by which he is employed/appointed or to which he is seconded, as the case may be, ceasing to be a company of the Enlarged Group;

(ii) the death of a Participant; or

(iii) any other event approved by the New Remuneration Committee,

the New Remuneration Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the performance period and subject to the provisions of the Memories PSP. In exercising its discretion, the New Remuneration Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the performance target(s) has been satisfied.

9.4.9 Role and composition of the New Remuneration Committee

In line with the New Remuneration Committee's responsibilities to, *inter alia*, review and make recommendations on the remuneration of senior management, it will be designated as the committee responsible for the administration of the Memories PSP. As at the date of this Circular, the proposed New Remuneration Committee will comprise Mr Robin C. Lee, Mr Basil Chan and Ms Judy Chan, all of whom are Independent Directors.

In compliance with the requirements of the Catalist Rules, a Participant of the Memories PSP who is a member of the New Remuneration Committee shall not be involved in its deliberations in respect of Awards to be granted to or held by him or his Associates.

9.4.10 Adjustments and alterations under the Memories PSP

If a variation in the issued ordinary Share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, sub-subdivision, consolidation of Shares, distribution or otherwise) shall take place, then:

(i) the class and/or number of Shares which are the subject of Awards to the extent not yet vested; and/or

(ii) the class and/or number of Shares in respect of which future Awards may be granted under the Memories PSP,

shall be adjusted in such manner as the New Remuneration Committee may determine at its own discretion to be appropriate.

Unless the New Remuneration Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

(a) issue of securities as consideration for an acquisition or a private placement of securities;

(b) cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;

(c) an issue of Shares, or other securities convertible into or with rights to acquire or subscribe for Shares, to its employees including Directors or Employees of the Company pursuant to option scheme approved by Shareholders in general meeting, including the Memories PSP;

(d) an issue of Shares or securities convertible into or with rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business; and

(e) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

Notwithstanding the provisions of Rules of the Memories PSP:

(a) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and

(b) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be fair and reasonable.

Upon any adjustment required to be made pursuant to Rules of the Memories PSP, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the vesting of an Award. Any adjustment shall take effect upon such written notification being given.

Subject to the Rules of the Memories PSP, the Memories PSP may be modified and/or altered at any time and from time to time by a resolution of the New Remuneration Committee provided that:

(i) no modification or alteration shall be made which would adversely affect the rights attaching to any Awards granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were released to them in full, would become entitled to not less than three-quarters in number of all the Shares which would be issued or delivered, as the case may be, upon the release of in full of all outstanding Awards;

(ii) any modifications or alteration which would be to the advantage of Participants shall not be made except with the prior approval of the Shareholders in general meeting; and

(iii) no modification or alteration shall be made except in compliance with the Catalist Rules or the requirements of such other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary.

9.4.11 Disclosures

In accordance with the rules of the Catalist Rules, the following shall be disclosed by the Company in its annual report as long as the Memories PSP continues in operation:

(i) the names of the New Remuneration Committee administering the Memories PSP;

(ii) in respect of the following Participants:

(a) Directors;

(b) Participants who are Controlling Shareholders and their Associates;

(c) Participants other than those referred to in (b)(i) and (b)(ii) above, who have received Shares pursuant to the vesting of Awards granted under the Memories PSP which, in aggregate, represent 5.0% or more of the total number of Shares available under the Memories PSP, the following information must be disclosed:

(1) the name of the Participant;

(2) aggregate number of Shares comprised in Awards granted to such Participant during the financial year under review;

(3) aggregate number of Shares comprised in Awards granted to such Participant since the commencement of the Memories PSP to the end of the financial year under review;

(4) aggregate number of Shares issued or transferred/delivered to such Participant under the Memories PSP since the commencement of the Memories PSP to the financial year under review;

(5) aggregate number of Share comprised in Awards which have not been vested as at the end of the financial year under review;

(iii) a statement that the Participants were not required to pay for the grant of any Awards to them; and

(iv) such other information as may be required by the Catalist Rules or the Companies Act.

If any of the above disclosure is not applicable, an appropriate negative statement will be included.

9.5 Financial Effects of the Memories PSP

9.5.1 Share Capital

The Memories PSP will result in an increase in the Company's issued Shares where Performance Shares are issued to Participants. The number of Performance Shares issued will depend on, *inter alia*, the size of the Awards granted under the Memories PSP. In any case, the Memories PSP provides that the total number of Performance Shares which may be issued pursuant to Awards granted under the Memories PSP and any other share-based incentive scheme shall not exceed 15.0% of the total issued Shares of the Company (excluding Treasury Shares) from time to time.

9.5.2 NTA

The grant of Award under the Memories PSP is likely to result in a charge in the Company's statement of comprehensive income over the period from the Award Date to the vesting date. The amount of the charge will be computed by reference to the fair value of each Award granted at the grant date in accordance with FRS 102 – Share-based Payment ("**FRS 102**"). If Performance Shares are issued to Participants pursuant to the vesting of the Awards, there will be no effect on the NTA. If existing Shares are purchased for delivery to Participants, the NTA would decrease by the cost of the Shares purchased.

Although the Memories PSP will result in a charge to the Company's consolidated statement of comprehensive income, it should be noted that Awards are granted only on a selective basis and will be granted to Participants whom the Company believes would have contributed or will contribute significant value in its success

including financial performance. In particular, the grant of Awards and delivery of Shares to Participants of the Scheme, are contingent upon the Participants meeting prescribed performance targets. Therefore Participants would have contributed to or will contribute to significant addition of value to the NTA and the Enlarged Group before the Awards are granted and Shares delivered.

9.5.3 EPS

The Memories PSP will have a dilutive effect on the Company's consolidated EPS following the increase in the Company's issued share capital to the extent that Performance Shares are issued pursuant to the Memories PSP and a charge in the Company's statement of comprehensive income over the period from the Award Date to the vesting date. The amount of the charge will be computed by reference to the fair value of each Award granted at the grant date in accordance with FRS 102.

Although the Memories PSP will have a dilutive impact (to the extent that Performance Shares are issued pursuant to the Memories PSP) on the EPS, it should again be noted that the delivery of Shares to Participants in respect of Awards will generally be contingent upon the Participants meeting the prescribed performance targets and conditions.

9.5.4 Dilutive Impact

It is expected that the dilutive impact of the Memories PSP on the NTA per Share and EPS will not be significant as the Memories PSP provides that the aggregate number of Shares to be issued under it will be subject to the maximum limit of 15.0% of the Company's total issued Shares (excluding Treasury Shares) on the day Shareholders approve the Memories PSP.

9.5.5 Potential Cost of Awards

The Memories PSP is considered a share-based payment that falls under the scope of FRS 102. Participants will receive Shares and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as an expense in the statement of comprehensive income with a corresponding increase in a reserve account over the vesting period. The total expense to be recognised over the vesting period is determined by reference to the fair value of each Award granted on the date of the grant. Before the end of the vesting period, as at the end of each reporting period, the Company will revise its estimated number of Performance Shares under the Awards that are expected to become exercisable on the vesting date recognising the effect of the revision of estimates in the statement of comprehensive income with a corresponding adjustment to the reserve account over the remaining vesting period. After the vesting date, no adjustment to the charge to the statement of comprehensive income is made.

The expense recognised in the statement of comprehensive income also depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a "market condition". If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to the amounts charged to the statement of comprehensive income are made whether or not the market condition is met.

However, if the performance target is not a market condition, the fair value per share of the Awards granted at the grant date is used to compute the expense to be recognised in the statement of comprehensive income at each reporting period end, based on an assessment at that date as to whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to the statement of comprehensive income if the Awards do not ultimately vest.

A10. Proposed Change of Independent Auditor

10.1 Current Independent Auditor

The current independent auditor of the Company is KPMG LLP. The Directors are proposing the appointment of Nexia as independent auditor of the Company in place of the existing independent auditor, KPMG LLP, with effect from the Completion Date and for the financial year ending 31 March 2018 and to hold office until the conclusion of the next annual general meeting of the Company.

The Existing Directors are proposing the Proposed Change of Independent Auditor at the request of the Vendors and for the purpose of continuity as Nexia is the existing independent auditor of the Memories Group, and is not due to any dismissal of KPMG LLP, or due to KPMG LLP declining to stand for election. It is also not a reflection of any concerns over the integrity of the Company's operations or management or effectiveness of the Company's internal controls or the capability of the auditors of the Company.

KPMG LLP had on 21 September 2017 applied to ACRA to seek its consent to resign as the independent auditor of the Company. On 12 October 2017, KPMG LLP had received a letter from ACRA approving its resignation as auditor of the Company. Subsequently, KPMG LLP had, on 20 November 2017, provided the Company their resignation letter dated 20 November 2017, stating the reasons for its resignation as independent auditor of the Company (the "**Written Statement**"), the effective date of the resignation to be the Completion Date and for such resignation to take effect subject to the Proposed Change of Independent Auditor being approved by Shareholders at the EGM and Completion. A copy of the Written Statement is attached as Appendix S hereto.

In accordance with Section 205AB(5) of the Companies Act and the written approval from ACRA, the resignation of KPMG as independent auditor of the Company shall take effect on the Completion Date, subject to the Proposed Change of Independent Auditor being approved by Shareholders at the EGM and Completion.

Pursuant to Rule 712(3) of the Catalist Rules and Section 205AF of the Companies Act, the appointment of Nexia in place of KPMG LLP must be specifically approved by shareholders at a general meeting.

Nexia had on 9 November 2017 issued its consent to act as independent auditor of the Company subject to amongst other things, the approval of Shareholders at the EGM. Accordingly, the resignation of KPMG LLP as independent auditor of the Company will take effect upon the approval of the Proposed Change of Independent Auditor by Shareholders at the EGM and subject to Completion.

The Proposed Change of Independent Auditor has been reviewed and recommended by the Audit Committee.

10.2 Rationale

Following Completion, the principal business of the Enlarged Group will be the business of the Memories Group. As such, the Directors are of the opinion that Nexia will be more familiar with the Memories Businesses and be better positioned to act as the independent auditor of the Company following Completion.

10.3 Requirements under Rule 712 and Rule 715 of the Catalist Rules

Nexia is an established firm in Singapore registered with ACRA. The Directors, having considered the fee structure, size and complexity of the Enlarged Group's operations, the adequacy of the resources and the experience of Nexia, the number and expertise of the supervisory and professional staff who will be assigned to the audit of the financial statement of the Enlarged Group as well as the audit arrangements proposed by Nexia for the Enlarged Group, are of the opinion that Nexia will be able to meet the audit requirements of the Enlarged Group and that Rule 712 and Rule 715 of the Catalist Rules will be complied with upon obtaining Shareholders' approval at the EGM.

In accordance with Rule 712(3) of the Catalist Rule, the Company confirms that:

(i) KPMG LLP has confirmed by way of a letter dated 2 November 2017 to Nexia that they are not aware of any professional reasons why Nexia should not accept appointment as the new independent auditor of the Company;

(ii) there were no disagreements with KPMG LLP on accounting treatments within the 12 months up to the date of their resignation, being 20 November 2017;

(iii) it is not aware of any circumstances connected with the Proposed Change of Independent Auditor that should be brought to the attention of Shareholders which has not been disclosed in this Circular;

(iv) the specific reasons for the Proposed Change of Independent Auditor are set out in the Section 10.2 of this Circular entitled "**Rationale**". The Proposed Change of Independent Auditor is neither due to the dismissal of KPMG LLP nor KPMG LLP declining to continue to serve as auditors of the Company; and

(v) it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of Nexia as its new independent auditor.

A11. Proposed Change of Name

In view of the Proposed Acquisition, the Company is seeking the approval of Shareholders to change the name of the Company from "SHC Capital Asia Limited" to "Memories Group Limited" to better reflect the new identity of the Enlarged Group.

The Company's application to ACRA for the Proposed Change of Name was approved by ACRA on 20 September 2017 and the name "Memories Group Limited" has been reserved until 18 January 2018.

In line with the Proposed Change of Name, the Company also intends to adopt a new logo as shown below:

Memories Group

Subject to the Special Resolution for the Proposed Change of Name being passed at the EGM, the Company will, on the Completion, lodge the requisite notification with ACRA relating to its Proposed Change of Name. Upon the issue by ACRA of a certificate on the change of name to the Company, the Proposed Change of Name shall become effective.

Shareholders should note that the change of the Company's name does not affect the legal status of the Company. The Proposed Change of Name will not affect any of the rights of the Shareholders. Shareholders should note that notwithstanding the change of the Company's name, the Company will not recall existing share certificates which will continue to be prima facie evidence of legal title. No further action would be required on the part of Shareholders.

The new name "Memories Group Limited" shall be substituted for "SHC Capital Asia Limited" whenever the latter name appears in the Company's Constitution.

A12. Proposed Payment of Directors' Fees to the Existing Board

At the annual general meeting held on 28 April 2017, Shareholders approved the payment of Directors' fees of S$353,000 to the Existing Board for FY2016. The Directors' fees for FY2017 would normally be approved by Shareholders at the next annual general meeting of the Company to be held in April 2018.

However, in view of the proposed resignation of all the Existing Directors from the Board of Directors of the Company following Completion of the Proposed Acquisition, it is proposed that Shareholders approve the payment of Directors' fees of up to S$353,000 to the Existing Board, by way of passing of Ordinary Resolution 16 at the EGM ("**Proposed Payment of the Directors' Fees to the Existing Board**").

The exact amount of Directors' fees payable to the Existing Board will be pro-rated accordingly depending on the date of actual Completion of the Proposed Acquisition.

A13. The Enlarged Group

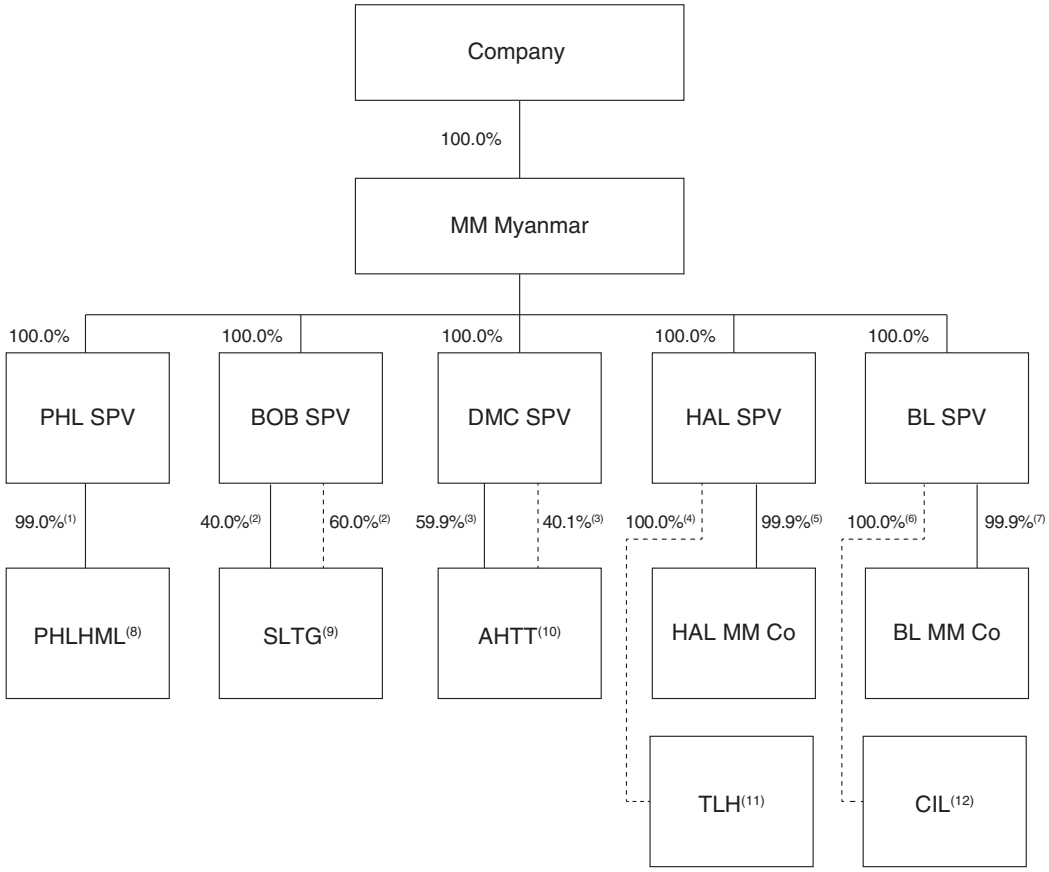
13.1 Principal Business

The Enlarged Group will be principally involved in tourism-related businesses focused on Myanmar, including the management and operation of hotels, resorts and leisure attraction assets and investments in assets and businesses in the tourism-related sector. The Business immediately after Completion will comprise the Memories Businesses, namely, the PHL Business, BOB Business, BL Business, DMC Business and HAL Business.

Please refer to Section 5.2 of Part B of this Circular for further details of the Memories Businesses.

13.2 Enlarged Group Structure

13.2.1 CORPORATE STRUCTURE OF THE ENLARGED GROUP AS AT COMPLETION



Notes:

(1) The remaining 1.0% equity interest of the issued share capital of PHLHML is held directly by MM Myanmar, to ensure that there is a minimum of two (2) shareholders for PHLHML as required under Myanmar law.

(2) BOB SPV holds the legal and beneficial ownership of 40.0% of the issued share capital of SLTG and holds Economic Interests in respect of the remaining 60.0% of the issued share capital of SLTG and certain powers and authority over such shares pursuant to the terms of the BOB POA. Please refer to Section 3.4.1(d)(iv) of Part B of this Circular for further details of the terms of the BOB POA.

(3) DMC SPV holds the legal and beneficial ownership of 59.9.% of the issued share capital of AHTT and holds Economic Interests in respect of the remaining 40.1% of the issued share capital of AHTT and certain powers and authority over such shares pursuant to the terms of the DMC POA. Please refer to Section 3.4.1(g)(v) of Part B of this Circular for further details of the terms of the DMC POA.

(4) HAL SPV holds Economic Interests in respect of 100.0% of the issued share capital of TLH and certain powers of authority over such shares pursuant to the terms of the HAL POA, pending Completion of the HAL APA. Please refer to Section 3.4.1(f)(v) of Part B of this Circular for further details of the terms of the HAL POA. Pursuant to the HAL APA, HAL MM Co shall acquire the HAL Business and obtain the Long Term Lease in respect of the HAL Land.

(5) 0.1% of the issued share capital of HAL MM Co is held directly by MM Myanmar to ensure that there is a minimum of two (2) shareholders for HAL MM Co as required under Myanmar law.

(6) BL SPV holds Economic Interests in respect of 100.0% of the issued share capital of CIL and certain powers of authority over such shares pursuant to the terms of the BL POA, pending Completion of the BL APA. Please refer to Section 3.4.1(e)(v) of Part B of this Circular for further details of the terms of the BL POA. Pursuant to the BL APA, BL MM Co shall acquire the BL Business and obtain the Long Term Lease in respect of the BL Land.

(7) 0.1% of the issued share capital of BL MM Co is held directly by MM Myanmar to ensure that there is a minimum of two (2) shareholders for BL MM Co as required under Myanmar law.

(8) The PHL Business, including the Long Term Lease of the PHL Land, is owned by PHLHML.

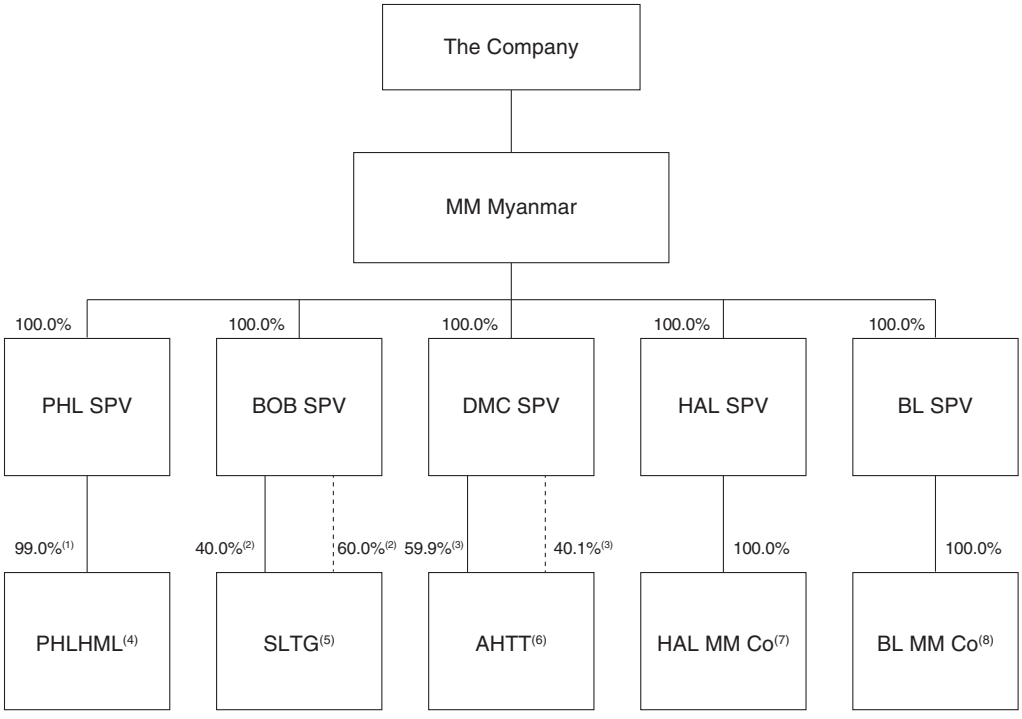
(9) The BOB Business (excluding the BOB Land which is used in connection with the BOB Business) is owned by SLTG.

(10) The DMC Business is owned by AHTT.

(11) The HAL Business, including the HAL Land, is owned by TLH.

(12) The BL Business, including the BL Land, is owned by CIL. The BOB Land is to be owned by CIL assuming the proper vesting of ownership rights and interests in the BOB Land in CIL in accordance with the Applicable Laws.

13.2.2 CORPORATE STRUCTURE OF THE ENLARGED GROUP UPON COMPLETION OF HAL APA AND COMPLETION OF THE BL APA



Notes:

(1) The remaining 1.0% equity interest of the issued share capital of PHLHML is held directly by MM Myanmar to ensure that there is a minimum of two (2) shareholders for PHLHML as required under Myanmar law.

(2) BOB SPV holds the legal and beneficial ownership of 40.0% of the issued share capital of SLTG and holds Economic Interests in respect of the remaining 60.0% of the issued share capital of SLTG and certain powers and authority over such shares pursuant to the terms of the BOB POA. Please refer to Section 3.4.1(d)(iv) of Part B of this Circular for further details of the terms of the BOB POA.

(3) DMC SPV holds the legal and beneficial ownership of 59.9% of the issued share capital of AHTT and holds Economic Interests in respect of the remaining 40.1% of the issued share capital of AHTT and certain powers and authority over such shares pursuant to the terms of the DMC POA. Please refer to Section 3.4.1(g)(v) of Part B of this Circular for further details of the terms of the DMC POA.

(4) The PHL Business, including the Long Term Lease of the PHL Land, is owned by PHLHML.

(5) The BOB Business is owned by SLTG. The status of ownership of the BOB Land will depend on, *inter alia*, the proper vesting of ownership rights and interests in the BOB Land in CIL in accordance with the Applicable Laws.

(6) The DMC Business is owned by AHTT.

(7) 0.1% of the issued share capital of HAL MM Co is held directly by MM Myanmar to ensure that there is a minimum of two (2) shareholders for HAL MM Co as required under Myanmar law. The HAL Business, including the Long Term Lease of the HAL Land, is owned by HAL MM Co.

(8) 0.1% of the issued share capital of BL MM Co is held directly by MM Myanmar to ensure that there is a minimum of two (2) shareholders for BL MM Co as required under Myanmar law. The BL Business, including the Long Term Lease of the BL Land, is owned by BL MM Co.

13.3 Shareholding Structure

Assuming the completion of the Proposed Transactions, the shareholding interests of the Relevant Vendor Parties, Directors, the Proposed Directors, Controlling Shareholders, Substantial Shareholders and other Shareholders of the Company before and after the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement, are set out in the table below:

	Before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement				After the Proposed Acquisition and the Proposed Share Consolidation, but before the Proposed Compliance Placement				After the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Existing Directors												
Mr Teo Soo Kiat[(1)]	–	–	249,639,317	81.6	–	–	35,662,760	11.6	–	–	35,662,760	8.9
Mr Teo Soo Chew[(1)]	–	–	249,639,317	81.6	–	–	35,662,760	11.6	–	–	35,662,760	8.9
Mr Teo Chiang Khai[(1)]	–	–	249,639,317	81.6	–	–	35,662,760	11.6	–	–	35,662,760	8.9
Mr Teo Hsi Leang	–	–	–	–	–	–	–	–	–	–	–	–
Mr Ng Fook Ai, Victor	–	–	–	–	–	–	–	–	–	–	–	–
Mr Teo Eu Jin, Nicholas	–	–	–	–	–	–	–	–	–	–	–	–
Proposed Directors												
Mr Serge Pun[(2)]	–	–	–	–	–	–	209,026,274	67.7	–	–	209,026,274	52.0
Mr Tun Tun	–	–	–	–	–	–	–	–	–	–	–	–
Mr Michel Novatin	–	–	–	–	–	–	–	–	–	–	–	–
Mr Basil Chan												
Mr Robin C. Lee	–	–	–	–	–	–	–	–	–	–	–	–
Ms Judy Chan	–	–	–	–	–	–	–	–	–	–	–	–
Controlling Shareholders												
YSH[(3)]	–	–	–	–	–	–	167,078,848	54.1	–	–	167,078,848	41.6
YSIL	–	–	–	–	167,078,848	54.1	–	–	167,078,848	41.6%	–	–

	Before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement				After the Proposed Acquisition and the Proposed Share Consolidation, but before the Proposed Compliance Placement				After the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Existing Directors												
Substantial Shareholders												
SHC Capital Holdings Pte Ltd	249,639,317	81.6	–	–	35,662,760	11.6	–	–	35,662,760	8.9	–	–
See Hoy Chan Holdings Pte Ltd[4]	–	–	249,639,317	81.6	–	–	35,662,760	11.6	–	–	35,662,760	8.9
See Hoy Chan Sdn. Berhad[5]	–	–	249,639,317	81.6	–	–	35,662,760	11.6	–	–	35,662,760	8.9
FMI	–	–	–	–	41,947,426	13.6	–	–	41,947,426	10.4	–	–
Yangon Land Company Limited[6]	–	–	–	–	–	–	41,947,426	13.6	–	–	41,947,426	10.4
ACE PAO	–	–	–	–	41,131,520	13.3	–	–	41,131,520	10.2	–	–
JMR	–	–	–	–	14,839,271	4.8	–	–	7,439,271	1.9	–	–
Other Public Shareholders	56,343,266	18.4	–	–	8,049,038	2.6	–	–	108,449,038	27.0	–	–
Total	305,982,583	100.0	–	–	308,708,863	100.0	–	–	401,708,863	100.0	–	–

Notes:

(1) Messrs Teo Soo Chew, Teo Soo Kiat and Teo Chiang Khai are deemed to be interested in the shares held by SHC Capital Holdings Pte Ltd by virtue of their respective interests in See Hoy Chan Sdn. Berhad.

(2) As at the date of this Circular, Mr Serge Pun holds in aggregate (both direct and deemed) (i) approximately 33.25% shareholding interests in YSH, which owns the entire shareholding in YSIL; and (ii) approximately 62.7% shareholding interests in FMI. He will be a Substantial Shareholder of the Company after the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement.

(3) YSH is deemed interested in the 167,078,848 Shares held by YSIL arising from its 100.0% interest in YSIL.

(4) See Hoy Chan Holdings Pte Ltd has a deemed interest in the 249,639,317 Shares arising from its 100.0% interest in SHC Capital Holdings Pte Ltd.

(5) See Hoy Chan Sdn. Berhad has a deemed interest in the 249,639,317 Shares arising from its 100.0% interest in See Hoy Chan Holdings Pte Ltd.

(6) Yangon Land Company Limited is deemed interested in the 41,947,426 Shares held by FMI arising from its 51.0% interest in FMI.

13.4 Moratorium

13.4.1 Original Moratorium

YSIL and FMI

Pursuant to Rule 422(1) of the Catalist Rules and to demonstrate their commitment to the Enlarged Group, each of YSIL, and FMI has irrevocably and unconditionally agreed and undertaken to the Company and the Sponsor not to, directly or indirectly, amongst others, sell, contract to sell, transfer, assign, dispose of, realise, pledge, grant any option to purchase or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any of part of its shareholdings interests in the Company immediately after the Completion of the Proposed Acquisition for a period of six (6) months commencing from the date of resumption of trading of the Shares on the Catalist ("**Original Moratorium Period**"), and for a period of six (6) months after the Initial Period, not to, directly or indirectly, sell, contract to sell, transfer, assign, dispose of, realise, pledge, grant any option to purchase or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of its shareholding interests in the Company to below 50.0% of its original shareholdings interests in the Company immediately after the Completion of the Proposed Acquisition (adjusted for any bonus issue or subdivision).

JMR

Pursuant to Rule 422(1) of the Catalist Rules and to demonstrate his commitment to the Enlarged Group, JMR has irrevocably and unconditionally agreed and undertaken to the Company and the Sponsor not, directly or indirectly, amongst others, sell, contract to sell, transfer, assign, dispose of, realise, pledge, grant any option to purchase or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any of part of his shareholdings interests in the Company immediately after the Completion of the Proposed Acquisition and the Proposed Compliance Placement for the Initial Period, and for a period of six (6) months after the Original Moratorium Period, not to, directly or indirectly, sell, contract to sell, transfer, assign, dispose of, realise, pledge, grant any option to purchase or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of his shareholding interests in the Company to below 50.0% of his original shareholdings interests in the Company immediately after the Completion of the Proposed Acquisition and the Proposed Compliance Placement (adjusted for any bonus issue or subdivision).

Following the completion of the Proposed Acquisition and the Proposed Compliance Placement, the number of Consideration Shares of YSIL, FMI and JMR which will be moratorised during the Original Moratorium Period are as follows:

Relevant Vendor Parties	Number of Consideration Shares	Percentage of Enlarged Share Capital (%)
YSIL	167,078,848	41.6
FMI	41,947,426	10.4
JMR	7,439,271	1.9
Total	**216,465,545**	**53.9**

ACE PAO

Pursuant to Rule 422(2) of the Catalist Rules and to demonstrate their commitment to the Enlarged Group, ACE PAO has irrevocably and unconditionally agreed and undertaken to the Company and the Sponsor not to, directly or indirectly, amongst others, sell, contract to sell, transfer, assign, dispose of, realise, pledge, grant any option to purchase or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of 20,445,836 of the Consideration Shares which the Corporate Vendor has directed to be issued to it, for a period of 12 months commencing from the date of resumption of trading of the Shares on the Catalist Board (or such other period as may be required by the SGX-ST).

13.4.2 Extended Moratorium

For purposes of securing their undertaking to buy back the relevant Memories Business under their respective Buyback Undertakings for a cash amount equivalent to the purchase price paid by the Company for such Memories Business, YSIL and FMI (in relation to the BOB Business and the BL Business) and JMR (in relation to the HAL Business) have irrevocably and unconditionally agreed and undertaken to the Company and the Sponsor that for so long as any of the Potential Buyback Events as set out under the Buyback Undertaking in relation to a Memories Business relevant to it or him, continues to be of possible application ("**Extended Moratorium Period**"), they shall not, directly or indirectly, amongst others, sell, contract to sell, transfer, assign, dispose of, realise, pledge, grant any option to purchase or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of such part of their Consideration Shares as set out below:

Relevant Vendor Parties	Number of Consideration Shares	Percentage of Enlarged Share Capital (%)
YSIL	97,877,327	24.4
FMI	41,947,426	10.4
JMR	6,817,373	1.7
Total	**146,642,126**	**36.5**

The Extended Moratorium Period shall cease to apply to the relevant Consideration Shares in the event all of the Potential Buyback Events set out in the Buyback Undertaking in relation to the relevant Memories Business to which such Consideration Shares are attributable has ceased to be of possible application.

For the avoidance of doubt, in relation to any Consideration Shares held by YSIL, FMI or JMR (as the case may be):

(i) the operation of the Original Moratorium and the Extended Moratorium is administered on a standalone basis and is not dependent on the continuing application of each other;

(ii) the Extended Moratorium shall continue to be in force so long as any of the Potential Buyback Events continue to be of possible application, even if the Original Moratorium has ceased to apply. Likewise, the Original Moratorium shall continue to be in force even if the Extended Moratorium has ceased to apply;

(iii) during the period where both the Original Moratorium and the Extended Moratorium are in force and overlap, the higher amount of Consideration Shares that are subject to either of the Original Moratorium or the Extended Moratorium shall apply to each YSIL, FMI and JMR; and

(iv) in the case of JMR, the Original Moratorium Period and the Extended Moratorium Period shall not in any event apply to any Consideration Shares which he will be selling under the Proposed Compliance Placement.

13.4.3 Major Shareholder Moratorium Waiver

The Company has, in connection with the Proposed Acquisition, on 17 November 2017, been granted the Major Shareholder Moratorium Waiver (as defined below) by the SGX-ST, waiving the requirement for the Major Shareholder to give contractual undertakings to the sponsor to observe a moratorium on the transfer or disposal of all its Shares following the completion of the Proposed Acquisition ("**Moratorium Requirements**").

The Proposed Acquisition is a reverse takeover and subject to, *inter alia*, Rule 1015 of the Catalist Rules. Rule 1015(3)(b)(i) of the Catalist Rules provides, *inter alia*, that the moratorium requirements to be observed on the transfer or disposal of securities of an issuer and the applicable period of moratorium, must be complied with by "*the persons who are existing controlling shareholders or who will become controlling shareholders of the issuer as a result of the asset acquisition*".

As at the Latest Practicable Date, the Major Shareholder held 249,639,317 Shares, which represents approximately 81.6% of the total issued and paid up capital of the Company. The Major Shareholder is wholly owned by See Hoy Chan Holdings Pte Ltd ("**SHCPL**") which is a wholly-owned subsidiary of See Hoy Chan Sdn. Berhad ("**SHCSB**"). Mr Teo Soo Chew, Mr Teo Soo Kiat and Mr Teo Chiang Khai (collectively "**Messrs Teo**") are deemed to be interested in the shares held by the Major Shareholder in the Company, by virtue of their respective interests in SHCSB.

Accordingly, the Major Shareholder, SHCPL, SHCSB and Messrs Teo are the Controlling Shareholders of the Company as at the Latest Practicable Date, although they will cease to be the controlling shareholders of the Company as a result of, and following the Completion of the Proposed Acquisition.

The Company had via its sponsor, PPCF, applied to the SGX-ST on 17 November 2017 for a waiver from the compliance with Rule 1015(3)(b)(i) of the Catalist Rules in relation to the need for the Major Shareholder to comply with or observe the Moratorium Requirements in relation to all or any of the Shares held by the Major Shareholder as at the date of this announcement ("**Major Shareholder Moratorium Waiver**"), for the reasons as set out below:

(a) the Major Shareholder is not considered to be a promoter of the incoming business (being the Memories Group) under the Proposed Acquisition given that (i) the Major Shareholder currently does not have any interests in the incoming business; and (ii) is not involved in the day to day management and operations of the incoming business;

(b) the Major Shareholder is not considered an investor of the Memories Group as it has not acquired any securities of the Memories Group;

(c) Upon Completion of the Proposed Acquisition, the Major Shareholder will cease to be a Controlling Shareholder of the Company and will not have any board representation on the Company or any of its subsidiaries, and will not have any significant influence on the management or operations of the Enlarged Group; and

(d) As YSIL, FMI, JMR and ACE PAO, will provide moratorium undertakings to observe the relevant moratorium requirements, the rights of the public shareholders of the Company will accordingly be safeguarded.

The SGX-ST had on 17 November 2017 granted the Major Shareholder Moratorium Waiver, subject to the following conditions:

(i) an announcement of the waiver granted, stating the reasons for seeking the waiver and the conditions as per Catalist Rule 106;

(ii) disclosure of the waiver granted and bases for seeking the waiver in the Circular; and

(iii) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and its constituent documents.

13.5 Selected Pro Forma Consolidated Financial Information of the Enlarged Group

Statements of comprehensive income of the Enlarged Group

US$'000	FY2015	FY2016	FY2017	3M2017	3M2018
Revenue	10,303	10,572	11,571	380	578
Cost of sales	(6,082)	(6,258)	(6,701)	(341)	(431)
Gross profit	4,221	4,314	4,870	39	147
Other income/(loss), net	52,811	328	198	8	(60)
Expenses					
– Administrative	(13,171)[1]	(4,801)	(5,023)	(891)	(1,081)
– Distribution and marketing	(112)	(90)	(106)	(18)	(51)
Profit/(loss) before income tax	43,739	(249)	(61)	(862)	(1,045)
Income tax expense	(472)	(434)	(476)	17	17
Net profit/(loss)	43,277[2]	(683)	(537)	(845)	(1,028)
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss:					
– Currency translation gain/(loss) arising from consolidation	5,184	102	(30)	5	9
Total comprehensive income/(loss)	48,461	(581)	(567)	(840)	(1,019)
Earnings/(loss) per share attributable to equity holders of the Company(US cents per share)					
Basic and diluted[3]	14.02	(0.22)	(0.17)	(0.27)	(0.33)

Notes:

(1) The administrative expenses of approximately US$13.2 million incurred in FY2015 was mainly due to (i) the share-based payment expense of approximately US$5.1 million arising from the Proposed Acquisition; and (ii) the provision of acquisition-related costs relating to the Proposed Transactions of US$4.0 million, which did not recur in FY2016 and FY2017.

(2) In FY2015, the Enlarged Group's profit before income tax of US$43.3 million was mainly due to other income of approximately US$52.8 million which was mainly attributable to the gain of approximately US$50.0 million from the disposal of its then wholly-owned subsidiary corporation, SHC Insurance Pte. Ltd., which did not recur in FY2016 and FY2017.

(3) The EPS/LPS for FY2015, FY2016, FY2017, 3M2017 and 3M2018 have been computed based on the weighted average number of ordinary shares outstanding of 308,708,863 Consolidated Shares. For illustrative purposes, assuming the completion of the Proposed Compliance Placement has been completed, the EPS/(LPS) for FY2015, FY2016, FY2017, 3M2017 and 3M2018 would be US cents 10.77, (0.17), (0.13), (0.21) and (0.26) respectively based on total number of ordinary shares of 401,708,863 Consolidated Shares.

Statements of financial position of the Enlarged Group

US$'000	As at 31 March 2017	As at 30 June 2017
ASSETS		
Current assets		
Cash and bank balances	**792**	**640**
Trade and other receivables	2,169	1,478
Inventories	105	105
Development properties	6,666	6,666
	9,732	8,889
Non-current assets		
Property, plant and equipment	16,411	16,727
Intangible assets	10,219	10,247
	26,630	26,974
Total assets	**36,362**	**35,863**
LIABILITIES		
Current Liabilities		
Trade and other payables	2,423	2,320
Current income tax liabilities	808	808
	3,231	3,128
Non-current liabilities		
Deferred income tax liabilities	133	116
	133	116
Total liabilities	**3,364**	**3,244**
NET ASSETS	**32,998**	**32,619**
EQUITY		
Capital and reserves attributable to the equity holders of the Enlarged Company		
Share capital	58,614	58,742
Currency translation reserve	(5)	(2)
Restructuring reserve	(19,839)	(19,655)
Accumulated losses	(5,772)	(6,466)
Total equity	**32,998**	**32,619**

13.6 Dividend Policy

Shareholders and prospective investors should note that neither the Company nor MM Myanmar currently has a formal dividend policy. Save for an exempt (one-tier) dividend of nine (9) cents per qualifying ordinary share of the Company declared in FY2015 and an exempt (one-tier) dividend of 0.28 cents per qualifying ordinary share and a special (one-tier) dividend of 12 cents per qualifying ordinary share of the Company declared in FY2014, neither the Company nor MM Myanmar has declared, approved and paid any dividend for FY2015, FY2016, FY2017 and 3M2018 and for the period from 1 July 2017 to the Latest Practicable Date. There can be no assurance that dividends will be paid in the future or on the amount or timing of any dividends that may be paid in the future. The declaration and payment of dividends will be determined at the sole discretion of the New Board, subject to the approval of the Shareholders.

The Company may, by ordinary resolution of its Shareholders at a general meeting, declare dividends but the amount of such dividends shall not exceed the amount recommended by the New Board. The New Board may also declare an interim dividend without seeking Shareholders' approval. The Company may only pay dividends out of its profits pursuant to the Companies Act.

In making their dividend recommendation, the New Board will take into consideration, *inter alia*, the performance of the Enlarged Group and the following factors:

(i) the level of cash and retained earnings;

(ii) the actual and projected financial performance and financial condition

(iii) projected working capital requirements;

(iv) projected levels of capital expenditure and other investment plans;

(v) restrictions on payment of dividends imposed on the Enlarged Group by its financing arrangements or other agreements, if any; and

(vi) any other factors deemed relevant by the New Board.

Shareholders and prospective investors should note that all the foregoing statements are statements of the intention of the New Board and shall not constitute legally binding statements in respect of future dividends which may be subject to the sole and absolute discretion of the New Board. No inference should or can be made from any of the foregoing statements as to actual future profitability of the Enlarged Group or the ability of the Enlarged Group to pay dividends in the future.

Please refer to Section 16.2 of Part A of the Circular entitled "Risks Relating to the Proposed Acquisition – Additional funds raised through issuance of new shares or loans for the Enlarged Group's future growth will dilute Shareholders' equity interest or may limit our ability to pay dividends.

A14. Material Background Information on the Proposed Directors and Proposed Executive Officers

14.1 Proposed Directors and Proposed Executive Officers

The Company proposes to appoint the New Board upon Completion. Members of the New Board as at Completion will comprise Mr Serge Pun as Executive Chairman, Mr Michel Novatin as Executive Director and Chief Executive Officer, Mr Tun Tun as Non-Executive Director, Mr Basil Chan as the Lead Independent Director, Mr Robin C. Lee and Ms Judy Chan as Independent Directors of the Company. Further details on the New Board are set out below.

All the Existing Directors will resign upon Completion.

Shareholders' approval by Ordinary Resolution is sought for the appointments of the Proposed Directors at the EGM. Save for retirement by rotation and re-election in accordance with the Constitution of the Company, none of the Proposed Directors will be subject to a fixed tenure or period of appointment.

14.1.1 Proposed Directors

Details on the members of the New Board of the Company upon Completion are as follows:

Name	Age	Address	Proposed Position in Company
Mr Serge Pun	64	Lot 2, Jasmine Garden, Pun Hlaing Estate, Hlaing Thayar Township, Yangon, Myanmar	Executive Chairman
Mr Michel Novatin	73	E 701, Evergreen Apartments, Pun Hlaing Estate, Hlaing Thayar Township, Yangon, Myanmar	Executive Director and Chief Executive Officer
Mr Tun Tun	42	O22A, Orchid Gardens, FMI City, Hlaing Thayar Township, Yangon, Myanmar	Non-Executive Director
Mr Basil Chan	66	77 West Coast Grove, Singapore 127877	Lead Independent Director
Mr Robin C. Lee	51	9 Brookvale Drive #03-08, Singapore 599972 Singapore	Independent Director
Ms Judy Chan	39	Unit 1-3, 11/F, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong	Independent Director

(a) Qualifications and working experience of the Proposed Directors

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of the Proposed Directors are set out below:

Mr Serge Pun is the proposed Executive Chairman and would be appointed to the New Board upon Completion.

Mr Serge Pun is a Myanmar national who founded Serge Pun & Associates Limited in Hong Kong in 1983. Over the years, he expanded the business to China, Thailand, and Singapore before returning to Myanmar in 1991 to set up SPA Myanmar. Today, SPA Myanmar has grown to become one of Myanmar's leading business groups.

Mr Serge Pun is the executive chairman of YSH, a company listed on the Mainboard of SGX-ST, with a market cap of approximately S$1.0 billion. YSH is primarily involved in the real estate, consumer, automotive and heavy equipment sectors, with key investments in other strategic assets.

He is also the executive chairman of FMI, which is the first company to be listed on the Yangon Stock Exchange. FMI's core businesses are financial services, real estate and healthcare, and it is the majority shareholder in Yoma Bank.

Mr Serge Pun is a member of the World Economic Forum's ASEAN Regional Strategy Group and ASEAN Regional Business Council. He is a standing member of the Chinese People's Political Consultative Conference of Dalian and a member of the Asia Business Council. He is the chairperson of the International Advisory Board of Singapore Management University for Myanmar and served as an Honorary Business Representative of the International Enterprise Singapore for Myanmar from 2004 to 2006. He is a frequent speaker in international forums on Myanmar and ASEAN.

As the proposed Executive Chairman, Mr Serge Pun will oversee the overall development and performance of the Enlarged Group, setting and executing the strategic directions and expansion plans for the growth and development of the Enlarged Group.

As mentioned above, Mr Serge Pun is currently the executive chairman of YSH and the executive chairman of FMI, and he will continue to hold such appointments concurrently with his appointment to the New Board as Executive Chairman following Completion.

The New Nominating Committee (save for Mr Serge Pun) is of the view that Mr Serge Pun is suitable to be appointed as the Executive Chairman of the Company notwithstanding his concurrent appointments in YSH and FMI respectively based on the following reasons:

(i) As the Executive Chairman, Mr Serge Pun will only be involved in formulating and monitoring the implementation of the business strategy, direction and plans for the Enlarged Group. The actual implementation or management of the Enlarged Group's overall business development, expansion and various other business processes, and responsibility for management of the day-to-day operations and management of the Enlarged Group will be under the Proposed CEO, Mr Michel Novatin and the Proposed Chief Operating Officer, JMR.

(ii) Given Mr Serge Pun's experience and track record as a seasoned entrepreneur and corporate executive, the New Nominating Committee is of the reasonable opinion that despite such concurrent appointments, Mr Serge Pun would be able to allocate his time appropriately between his various appointments so as to ensure that he is able to devote sufficient attention to the business and affairs of the Enlarged Group in order to duly perform his duties as the Executive Chairman.

(iii) Notwithstanding the foregoing, under the terms of the Service Agreement between the Company and Mr Serge Pun, Mr Serge Pun has agreed and undertaken that he will faithfully serve the Company and use his utmost endeavours to promote its interests, and shall devote his time, attention and abilities to the affairs of the Company and the Group and in such manner as the New Board and New Nominating Committee consider appropriate, after conducting, where necessary, due consultations with other listed entities in which he maintains an executive role.

Having considered Mr Serge Pun's suitability as the Executive Chairman of the Company, the New Nominating Committee (save for Mr Serge Pun) is also of the view that the appointment of Mr Serge Pun as Executive Chairman of the Company will be beneficial to and in the best interest of the Company based on the following reasons:

(1) Mr Serge Pun is instrumental to the development of the integrated tourism platform in Myanmar by the Memories Group and his continued contributions to the Enlarged Group as the Executive Chairman will ensure that the tourism platform achieves its potential.

(2) Mr Serge Pun has more than 25 years of business experience in Myanmar and also established an extensive business network which the Enlarged Group can tap on for, *inter alia*, to grow their existing businesses and for new business opportunities in the future.

(3) The appointment of Mr Serge Pun as the Executive Chairman of the Company will further enhance the credibility and profile of the Enlarged Group given his business reputation in Myanmar and the region.

Mr Michel Novatin is the proposed Executive Director and Proposed CEO and would be appointed to the New Board upon Completion.

Mr Michel Novatin is an industry veteran with over 40 years of extensive experience in managing luxury hotels including leading roles where he was the consultant and adviser to Triangle Hotel and Resorts from 2010 to 2013, the chief executive officer of Shaza Hotels from 2008 to 2010, the chief operating officer of Kempinski Hotels from 2003 to 2008 and the managing director of the Société des Bains de Mer in Monte Carlo from 1997 to 2002. As Managing Director of the Société des Bains de Mer in Monaco, Mr Michel Novatin was employed by Prince Rainer and Goldman Sachs to oversee the reorganisation of the company. His last appointment was as the chief operating officer of Steigenberger Hotels Group in Germany from 2014 to 2015 before he joined the YSH Group in mid-2016. Upon Completion, Mr Michel Novatin will be the Executive Director and Chief Executive Officer of the Enlarged Group. He will assist the Executive Chairman in managing the Enlarged Group's overall business development, expansion and various other business processes.

Mr Tun Tun is the proposed Non-Executive Director and would be appointed to the New Board upon Completion.

Mr Tun Tun joined the SPA Group in 1998. Over the years he has held various positions in the SPA Group, including roles in corporate secretarial, legal, accounting, finance, stock exchange listing, operation management, business development and investment management. He has been an executive director of FMI since 2009 and also holds directorships in many of FMI's companies and joint ventures. He is also an Associate Member of the Institute of Chartered Secretaries & Administrators (UK). Mr Tun Tun was appointed as FMI's chief financial officer in 2011.

Mr Basil Chan is the proposed Lead Independent Director and would be appointed to the New Board upon Completion.

Mr Basil Chan has close to 40 years of experience in accounting and financial management. Mr Basil Chan started in 1978 working for Pannell Kerr Forster (London) as an audit senior. From 1982 to 1985 he worked at Arthur Andersen (Singapore) as an audit manager. From 1985 to 1995, he worked as a finance director for Schneider Electric South East Asia where he was responsible for the company's overall financial and accounting function. From 1995 to 1999, he worked in Singapore Technologies Pte Ltd and Singapore Technologies Engineering Ltd as a finance director where he was responsible for the company's overall financial and accounting function. From 1999 to 2001, he worked in Datacraft Asia Ltd as the chief financial officer where he was responsible for the company's overall financial and accounting function. From 2001 to 2003, he worked as the chief executive officer of Hua Kok International Ltd where he was responsible for the overall management of the company with focus on mergers and acquisitions. Since July 2003, he founded and continues

to be the managing director of MBE Corporate Advisory Pte Ltd which provides corporate finance and advisory services. He is also a Fellow of Singapore Institute of Directors since 1999, a member of the Institute of Singapore Chartered Accountants and the Institute of Chartered Accountants in England and Wales since 1982. He holds a Bachelor of Science degree in Economics with Honours majoring in Business Administration from the University of Wales Institute of Science and Technology. He is currently a director of the following public companies, AEM Holdings Limited, Yoma Strategic Holdings Ltd., Grand Banks Yachts Limited and Global Invacom Group Limited and a director of MBE Corporate Advisory Pte Ltd which is a private company. Mr Basil Chan will step down from his role as an independent director of YSH, prior to the Completion of the Proposed Acquisition.

Mr Robin C. Lee is proposed to be an Independent Director and would be appointed to the New Board of Directors upon Completion.

Mr Lee has more than 28 years of business management, development and operational experience in various sectors, including retailing, consumer goods, healthcare and automobiles distribution, integrated and project logistics and information technology. He is currently employed by Bok Seng Logistics Pte Ltd as the group's chief operating officer at Bok Seng Group. Mr Lee began his career in IT business development, sales and marketing in 1989 at Mumps Systems Support(S) Pte Ltd. Between 1989 and his current position at Bok Seng Group, Mr Lee took on various management roles both here and overseas in organisations such as Li & Fung Group, Sime Darby Group, Piaggio Asia Pacific, The East Asiatic Company, Toys "R" Us Singapore, and Rentokil Initial Asia Pacific. Mr Lee graduated with a Bachelor of Science in Management and Marketing from the University of Oregon's School of Business Administration in 1989. He had also attended the executive Li & Fung Leadership Program at the Massachusetts Institute of Technology's Sloan School of Management and The University of Hong Kong in 2010 and had completed the Listed Company Director Programme organised by the Singapore Institute of Directors in 2013. Mr Lee is a member of the Singapore Institute of Directors and the Singapore Institute of Management. Mr Lee had also received awards for community service to education by the Singapore Ministry of Education in 2001 and 2006, as well as community service awards by the Singapore People's Association in 2001, 2006 and 2012.

Ms Judy Chan is proposed to be an Independent Director and would be appointed to the New Board upon Completion.

Ms Chan has more than 15 years of management and operations experience in the food and beverage sector. She is currently the President of Shanxi Grace Vineyard Co. Limited and the chief executive officer of Grace Wine Holdings Limited. Ms Chan is responsible for the business development and operations for the winery and wine businesses of these two (2) companies. Ms Chan has extensive experience in marketing, branding and trading in the Asia Pacific region. Ms Chan worked in the human resources department of Goldman Sachs in Hong Kong from 2000 to 2002, and joined Shanxi Grace Vineyard Co., Limited as President in 2002. Ms Chan has also served as a director of Origin Holdings (HK) Limited since 2006, where she is responsible

for the management and financial operations of its businesses of power generation, waste-water treatment plant, property development and investments in Indonesia. She has been an independent non-executive director of Sing Tao News Corporation Limited, which is listed on the Main Board of the Hong Kong Stock Exchange ("**HKSE**") since 2013. Ms Chan graduated with a Bachelor of Arts in Psychology, Women's Studies & Organizational Studies from the University of Michigan. Ms Chan had received various awards and accolades for her achievements in the food and beverage sector, including the Ernst & Young – Entrepreneur of The Year 2010 for China Hong Kong/Macau Region, Ernst & Young – Emerging Entrepreneur of the Year award in 2010, the Asian Wine Personality of the Year award granted by the Drinks Business magazine & the Institute of Masters of Wine in 2012, the Wine Personality of the Year in the granted by the La Revue du Vin de France Wine Magazine in 2014 and the inclusion of Ms Chan in the "Top 5 Most Innovative Women in Food and Drink" list issued by Fortune and Food & Wine magazines in 2014.

(b) Past and present directorships of the Proposed Directors

Saved as disclosed below and excluding the proposed directorship in the Company, none of the Proposed Directors currently holds or has held any directorships in the past five (5) years preceding the date of this Circular.

Name	Present directorships	Past directorships
Mr Serge Pun	Within the Enlarged Group MM Myanmar BOB SPV BL SPV DMC SPV HAL SPV PHL SPV SLTG CIL PHLHML	Within the Enlarged Group –

Name	Present directorships	Past directorships
	Outside the Enlarged Group	Outside the Enlarged Group
	Serge Pun & Associates (Myanmar) Limited	SGG Motor Services Limited
	7-Focus Investment Limited	Pandaw Myanmar Company Limited
	Access Myanmar Distribution Company Limited	Yoma Green Motors Limited
	Allied Win Group Ltd.	Delight Result Limited
	Asian Towers Holdings Pte. Limited	Glory Merit Investments Ltd.
	Billionmate Limited	Pridetop Ltd.
	Brilliant Vision Ltd.	Yoma Telecom Company Limited
	Brother's Investment Limited	
	China Band Investments Limited	
	Chindwin Bagan Company Limited	
	Chindwin Holdings Pte. Ltd.	
	Chindwin Pindaya Company Limited	
	Classic Delight Holdings Limited	
	Craneforth Ltd.	
	Edotco Investments Singapore Pte. Ltd.	
	Elite Matrix International Limited	
	Emerald Lion Ltd.	
	F.M.I. Garden Development Limited	
	First Myanmar Investment Company Limited	
	FMI Air Leasing Company Pte. Ltd. (f.k.a. – Hasdeen Pte. Ltd.)	
	FMI Air Limited	
	FMI Development Group Limited	
	FMI Industrial Investment Company Limited	
	FMI Pearl City Development Limited	
	FMI Riverside Development Limited	
	FMI Syndication Limited	
	Good Advice Service Limited	
	Hlaing River Golf & Country Club Co. Ltd.	
	Jebsen & Jessen (South East Asia) Pte. Ltd.	
	JJ-Pun (S) Pte. Ltd.	
	JJ-Pun Limited	
	JJ-Pun Trading Company Limited	
	Le Planteur Company Limited	
	Le Planteur Inya Lake Company Limited	
	Lion Century Properties Limited	
	MC-Jalux Airport Services Company Limited	
	Meeyahta Development Limited	
	Meeyahta International Hotel Limited	
	Mount Davis Properties Limited	
	Myanmar Agri-Tech Carbon Capital Limited	
	Myanmar Agri-Tech Ltd.	
	Myanmar Diary Nutrition Company Limited	
	Myanmar Milk Farm Company Limited	
	Myanmar Thilawa SEZ Holdings Public Limited	
	Myfood Industries Myanmar Company Limited	

Name	Present directorships	Past directorships
	New Business Holdings Limited Next Lead Holdings Limited Peninsula Yangon Holdings Pte. Limited Peninsula Yangon Limited Pinnacle Trade Holdings Limited Plantation Resources Pte. Ltd. Power East Investments Limited Prime Estate Developments Ltd. Pun Hlaing Capital Company Limited Pun Hlaing International Hospital Limited Pun Hlaing Links Services Company Limited Pun Holdings Investments Ltd. Pun Holdings Pte. Ltd. Pun Plus Project Limited Rich Terrain Investments Ltd. SBA Company Limited Serge Pun & Associates (Hong Kong) Limited Serge Pun & Associates Investment Company Limited Serge Pun & Associates Limited Silverfair Development Limited Slatford Company Limited SPA Assets Management Limited SPA Aviation Holdings Limited SPA Design & Project Services Limited SPA Design Pte. Ltd. SPA International Ltd. (under voluntary liquidation) SPA Management Consultants Ltd. SPA Project Management (Hong Kong) Limited SPA Project Management Pte. Ltd. SPA Syndication Management Limited SPAL (Nominees) Limited SPAL Management Limited Star City International School Company Limited Summit Brands Restaurant Group Company Limited Superpart Ltd. Thanlyin Estate Development Limited Top Luck Capital Investment Limited Vanson Development Limited Vasting Limited Vehicle Lease Management Limited Village Gardens (Management) Limited Wayville Investments Limited Wyndale International Limited XunXiang (Dalian) Enterprise Co., Ltd.	

Name	Present directorships	Past directorships
	Yangon Land Company Limited Yangon Nominee Limited Yoma Agriculture Company Limited Yoma Bank Limited Yoma Development Group Limited Yoma Development Group Pte. Ltd. Yoma Fleet Limited Yoma Myittar Development Limited Yoma Nominee Limited Yoma Siloam Hospital Pun Hlaing Limited Yoma Strategic Holdings Ltd. Yoma Strategic Investments Ltd. Yoma Thitsar Commercial Company Limited Yoma Venture Company Limited	
Mr Michel Novatin	Within the Enlarged Group MM Myanmar BOB SPV BL SPV DMC SPV HAL SPV PHL SPV HAL MM Co BL MM Co AHTT PHLHML SLTG Outside the Enlarged Group Beau-Rivage Palace SA Lausanne – Palace SA Societe immobiliere du Chateau d'Ouchy SA	Within the Enlarged Group None Outside the Enlarged Group Mosaic International Hotel Management GmbH Luxury Properties International LPI SA Steigenberger Hotels AG, Frankfurt, Germany Steigenberger Hotels AG, Zurich, Switzerland HL Le Mirador International SA
Mr Tun Tun	Within the Enlarged Group MM Myanmar BOB SPV BL SPV DMC SPV HAL SPV PHL SPV CIL SLTG PHLHML	Within the Enlarged Group None

Name	Present directorships	Past directorships
	Outside the Enlarged Group	Outside the Enlarged Group
	Access Myanmar Distribution Company Limited	Asia Green Valley Company Limited
	Convenience Prosperity Company Limited	Butterfly Trading Company Limited
	Chindwin Bagan Company Limited	FMI Pearl City Development Limited
	Chindwin Pindaya Company Limited	Group Synergetic Force Company Limited
	Meeyahta Development Limited	Myanmar Dairy Nutrition Company Limited
	Meeyahta International Hotel Limited	Myanmar Milk Farm Company Limited
	Pun Hlaing Lodge Limited	May Enterprise Limited
	Seven Golden Gates Company Limited	Northern Island Company Limited
	SGG Motor Services Limited	Pun and Thant Company Limited
	Star City International School Company Limited	Pun Hlaing Landscaping Company Limited
	Summit Brands Restaurant Group Limited	Smart & Trust Services Company Limited
	Yangon Sands Industries Limited	SPA Motorcycle Limited
	Yoma Development Group Limited	Thanlyin Estate Development Limited
	Yoma Fleet Limited	Trusted Persons Company Limited
	Yoma Nominee Limited	Yoma Bank Limited
	Yoma Venture Company Limited	Yoma Thitsar Commercial Company Limited
	7 Focus Investment Limited	Yoma Yarzar Manufacturing Company Limited
	FMI Air Limited	
	FMI Garden Development Limited	
	FMI Riverside Development Limited	
	FMI Syndication Limited	
	Hexagon System Company Limited	
	Hlaing River Golf & Country Club Company Limited	
	JJ-Pun Limited	
	JJ-Pun Tiostone Company Limited	
	JJ-Pun Trading Company Limited (FKA Electra Trading Company Limited)	
	Myanmar Agri-Tech Limited	
	Pandaw Myanmar Company Limited	
	Paribawga Company Limited	
	Pun Hlaing Asset Management Company Limited	
	Pun Hlaing Capital Company Limited	
	Pun Hlaing Links Services Company Limited	
	Pun Plus Project Limited	
	Serge Pun & Associates Marketing Limited	
	Serge Pun & Associates (Myanmar) Limited	
	SPA Assets Management Limited	
	SPA Aviation Holdings Limited	
	SPA Elevator Limited	
	Yangon Land Company Limited	

Name	Present directorships	Past directorships
	Yangon Nominees Limited Digital Money Myanmar Limited First Myanmar Investment Company Limited FMI Industrial Investment Company Limited FMI Development Group Limited LSC-FMI Company Limited Taunggyi Hospital Asset Limited Yoma Siloam Hospital Pun Hlaing Limited Yoma Myittar Development Company Limited Pun Hlaing International Hospital Limited	
Mr Basil Chan	Within the Enlarged Group –	Within the Enlarged Group None
	Outside the Enlarged Group AEM Holdings Limited Grand Banks Yachts Limited Global Invacom Group Limited MBE Corporate Advisory Pte. Ltd. Yoma Strategic Holdings Ltd.	Outside the Enlarged Group Singapore Institute of Directors MBE Capital Pte. Ltd. Teledata (Singapore) Limited SBI Offshore Limited Singapore eDevelopment Ltd. (formerly CCM Group Limited)
Mr Robin C. Lee	Within the Enlarged Group –	Within the Enlarged Group None
	Outside the Enlarged Group –	Outside the Enlarged Group None

Name	Present directorships	Past directorships
Ms Judy Chan	Within the Enlarged Group –	Within the Enlarged Group None
	Outside the Enlarged Group Sing Tao News Corporation Limited Dragonfield Management Limited Everbest Water Treatment Development Company Limited Everbest Water Treatment Investment (Haian) Limited Goodfield Development Limited United Force Consulting Company Limited Blue Corporate Company Limited Origin Holdings (HK) Limited Brighting China Limited Wide Angle Management Limited Century Victory Limited City Express Investment Limited Dragonet Limited Everbest Century Limited Filon Investment Limited Mandarin Star Properties Limited Sanlion International Investment Limited Wide Source Development Limited Exuberant Legacy Holdings Limited Everbest Biotech Limited Divine Melody Limited Clover Star International Limited Fort Rosy Limited Wealth Waggon Limited Grace Wine Holdings Limited LMG Indocoke Pte. Ltd. LMG Indoferro Pte. Ltd. 如皋恒发水处理有限公司 宁夏怡园酒庄有限公司 山西怡园酒庄有限公司 厦门萄福贸易有限公司 Concade Assets Limited Dragonfield Group (BVI) Limited Everbest Water Treatment Investment Limited For Good Investments Limited Flying Gain Holdings Limited Halligan Profits Limited Perfect Yield Holdings Limited Royce Group Limited Splendour Investments Limited Kingsway Pacific Limited	Outside the Enlarged Group Modern Group Trading Limited New Royal Holdings Limited Pacific Surplus Limited Fortune Duke Limited Central Accord Limited Eternity Time Group Limited Intelligence Business Limited Supreme Colour Limited

Name	Present directorships	Past directorships
	Prince Investments Limited Sinocorp Development Limited Carlton Asia Limited Greenlite Investments Limited Capital Place Holdings Limited Macmillan Equity Limited Palgrave Enterprises Limited Medford Global Limited Grandtel Limited Interfusion Limited Grand Fiesta Limited World Corner Holdings Limited Braden World Limited Boardroom Experts Limited Supreme Colour Limited Grand Target Holdings Limited Kingdrive Limited Mercci Limited Eikon Holdings Limited Grandzone Holdings Limited Farwise Global Limited Keyway Pride Limited Rolling Wood Limited	

(c) Arrangement or understanding with the Proposed Directors

As at the Latest Practicable Date, none of the Proposed Directors has any arrangement or understanding with any of the Substantial Shareholders, customers or suppliers of the Enlarged Group or other person pursuant to which the Proposed Directors are or will be appointed.

(d) Experience and training of the Proposed Directors

Mr Serge Pun and Mr Basil Chan have relevant experiences as a director of public listed companies in Singapore, and is familiar with the roles and responsibilities of a director of a public listed company in Singapore.

Ms Judy Chan has relevant experience as a director of a public listed company in Hong Kong and is familiar with the roles and responsibilities of a public listed company.

Mr Tun Tun has relevant experience as a director of a public listed company in Myanmar and is familiar with the roles and responsibilities of a public listed company.

Mr Robin C. Lee and Mr Michel Novatin have attended the relevant training in Singapore to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore as they do not have prior experience as a director of a public listed company in Singapore.

(e) Relationships of the Proposed Directors

Save as disclosed below, none of the Proposed Directors are related to the other Proposed Directors, the Proposed Executive Officers and/or Substantial Shareholders upon Completion.

Mr Serge Pun is the executive chairman of YSH and executive chairman of FMI, who will be the Controlling Shareholder and Substantial Shareholder respectively upon Completion and Mr Tun Tun is the chief financial officer and an Executive Director of FMI.

Mr Basil Chan is an independent director of YSH. He shall resign as an independent director of YSH prior to the Completion of the Proposed Acquisition before being appointed as the Lead Independent Director of the Company. As Mr Basil Chan is not related to any of the directors or Substantial Shareholders or Controlling Shareholders of YSH and does not have any professional or business relationships or dealings with any of the directors or Substantial Shareholders or Controlling Shareholders of YSH and/or the YSH Group following his resignation as independent director of YSH, the New Nominating Committee (save for Mr Serge Pun and Mr Basil Chan who have abstained from making this statement) is of the opinion that Mr Basil Chan meets the relevant criteria to be appointed as an Independent Director of the Company.

The Independent Directors of the New Board do not have any existing business or professional relationship of a material nature to the Enlarged Group, the other Proposed Directors and/or Substantial Shareholders upon Completion, nor do they sit on the board of directors of any of the Memories Group Companies.

None of the Independent Directors of the New Board have more than five (5) board representations in companies listed on the SGX-ST.

14.1.2 Proposed Executive Officers

The particulars of the Proposed Executive Officers of the Enlarged Group after Completion are set out below:

Name	Age	Address	Proposed Position in the Company
Mr Jean-Michel Alain Romon	44	No. 238A, Rose Garden, Pun Hlaing Estate, Hlaing Thayar Township, Yangon, Myanmar	Chief Operating Officer
Mr Steven Teo	57	30 Canberra Drive #03-22 Yishun Emerald Singapore 768430	Chief Financial Officer

(a) Qualifications and working experience of the Proposed Executive Officers

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of the Proposed Executive Officers (who are not the Proposed Directors) are set out below:

Mr Jean-Michel Alain Romon will be appointed as the Chief Operating Officer of the Company following Completion, where he will be responsible for the overall operations and sales and marketing of the Enlarged Group. He has been involved in the hospitality and tourism industry for over twenty years and has been based in Myanmar since 1997. JMR is the founder of AHTT which he started in 2000. He also developed the HAL Business with his business partners which commenced operations in FY2015.

Due to his wide network of contacts and vast experience in Myanmar's tourism industry, JMR is also involved in other tourism-related businesses which include the ACF Business and VL Business where he is also one of the founders and currently a passive investor holding interests of approximately 21.3% and 18.0% respectively. In addition, JMR also has an interest of approximately 33.3% in Phoenix Voyages where he is also a passive investor.

The New Nominating Committee is of the view that JMR is suitable to be appointed as the Chief Operating Officer of the Company notwithstanding his shareholding interests in the ACF Business, VL Business and Phoenix Voyages based on the following reasons:

(a) JMR and his Associates are not directors of, do not hold any executive position and are not otherwise involved in the management or day-to-day operations of the aforesaid businesses;

(b) he is a minority passive investor in the aforesaid businesses and apart from his shareholding interests as aforesaid, none of his Associates have any other shareholding interest in any of the aforesaid businesses. JMR and his associates are not involved in the day-to-day operation and do not hold executive positions in the aforesaid business;

(c) JMR has undertaken pursuant to the VL Business Undertaking and the ACF Business Undertaking that in the event the Company wishes to acquire the ownership in respect of the VL Business and/or ACF Business at any time after Completion (as the case may be), he will use his best efforts to procure the owners of the VL Business and/or ACF Business (as the case may be) to enter into discussions and negotiations with the Company in good faith to agree on the terms and conditions upon which the Company can acquire the VL Business and/or ACF Business (as the case may be).

Mr Steven Teo is currently the interim Chief Financial Officer of the Company, appointed since 1 August 2014. Mr Steven Teo will be appointed as the Chief Financial Officer of the Company after Completion. As the Interim Chief Financial Officer of the Company, he has been actively involved in the Company's negotiations and preparations in connection with the Proposed Acquisition. Mr Steven Teo has extensive experience in corporate finance, audit and taxation and has practiced as a Public Accountant in Singapore for over 14 years. Mr Steven Teo worked as an audit assistant at Ng Lee & Associates from 1981 to 1983 and then moved to Deloitte from 1983 to 1987 as an audit senior. From 1987 to 1996, he was a financial controller for Ergo Insurance Pte Ltd (formerly known as SHC Insurance Pte Ltd, and prior thereto, The Nanyang Insurance Company, a related company of See Hoy Chan Sdn Berhad). From 1997 to 2001, he worked as the general manager for See Hoy Chan Sdn. Berhad Group which engages mainly with property and other businesses. Mr Steven Teo joined Ng Lee & Associates in 2002 and his last position with them was as partner. Since 2007, Mr Teo has been practising as a Public Accountant at Veritas Private CA LLP and Pinebridge LLP which provides auditing, accounting and advisory services but he has ceased active practice at such firms as at the Latest Practicable Date.

Mr Steven Teo is a Fellow Member of the Institute of Singapore Chartered Accountants, Association of Chartered Certified Accountants, UK, CPA Australia and Singapore Institute of Accredited Tax Professionals.

(b) Past and Present Directorships of the Proposed Executive Officers

Save as disclosed below, none of the Proposed Executive Officers currently holds or has held any directorships in the past five (5) years preceding the date of this Circular.

Name	Present directorships	Past directorships
Mr Jean-Michel Alain Romon	Within the Enlarged Group AHTT HAL MM Co BL MM Co	Within the Enlarged Group –
	Outside the Enlarged Group –	Outside the Enlarged Group –

Name	Present directorships	Past directorships
Mr Steven Teo	Within the Enlarged Group –	Within the Enlarged Group –
	Outside the Enlarged Group See Hoy Chan Holdings Pte Ltd Able ITS Pte. Ltd. Aapico Investment Pte. Ltd.	Outside the Enlarged Group Veritas Pacific Pte. Ltd. Veritas Corporate Advisory Pte Ltd Veritas Tax Service Pte Ltd Veritas Private Investment Pte Ltd New Model City Pte Ltd Veritas Private China Pte Ltd Veritas Private Global Pte Ltd Real World Capital Pte Ltd Pinebridge Tax Services Pte Ltd Veritas Private Management Services Pte Ltd Allcare Investment Holdings Pte Ltd Veritas Risk Management Pte Ltd Terastar Electric Singapore Pte. Ltd. Terastar Corporation Asia Pacific Pte. Ltd. Terastar Redwood Asia Pacific Pte. Ltd. Exquisite Marques Investments Pte. Ltd Finh Asia Pte. Ltd. Rockbound Investments Pte Ltd (struck off) Wisdom Spring Pte. Ltd. SHC Technology (Singapore) Pte. Ltd.

(c) Arrangement or understanding with the Proposed Executive Officers

As at the Latest Practicable Date, none of the Proposed Executive Officers has any arrangement or understanding with any of the Substantial Shareholders, customers or suppliers of the Enlarged Group or other person pursuant to which the Proposed Executive Officers are or will be appointed.

Save as disclosed below, none of the Proposed Executive Officers are related to the other Proposed Executive Officers, the Proposed Directors and/or Substantial Shareholders upon Completion.

14.2 Service Agreements

Save as disclosed below, as at the Latest Practicable Date, there are no existing or proposed service agreements entered or to be entered into by the Proposed Directors with any of the companies in the Enlarged Group which provide for compensation in the form of stock options, pensions, retirement or other similar benefits, or other benefits upon the termination of employment.

Mr Serge Pun and Mr Michel Novatin

As at the Latest Practicable Date, Mr Serge Pun is the executive chairman of YSH and the executive chairman of FMI. He will be the Executive Chairman of the New Board with effect from the Completion Date.

Mr Michel Novatin has been employed as the Chief Executive Officer of the Memories Group since May 2016.

The Company has entered into service agreements (collectively, the "**Service Agreements**" and each a "**Service Agreement**") with Mr Serge Pun and Mr Michel Novatin (collectively, the "**Appointees**" and individually an "**Appointee**") on 19 November 2017 appointing them as Executive Chairman and Chief Executive Officer ("**CEO**") respectively of the Company and the Service Agreements will take effect on the Completion Date.

The initial term of each Appointee's employment is for a period of three (3) years with effect from the Completion Date ("**Initial Term**") and shall thereafter continue for such period and on such terms and conditions to be agreed between each Appointee and the Company.

Each Service Agreement provides that during the continuance of such agreement, the Appointee shall, among other things, devote his full time, attention and abilities to the affairs of the Enlarged Group, save as provided below.

As Executive Chairman, Mr Serge Pun shall be involved in formulating and monitoring the implementation of the business strategy, direction and plans for the Enlarged Group. The Proposed CEO, Mr Michel Novatin and JMR, the Proposed Chief Operating Officer, shall assist the Executive Chairman in managing the Enlarged Group's overall business development, expansion and various other business processes, and shall be further responsible for management of the day-to-day operations and management of the Enlarged Group.

Each Service Agreement may be terminated by either party upon giving to the other party notice in writing of not less than six (6) months or forthwith by payment the salary in lieu of such notice (which shall for the avoidance of doubt, not include the value of any form of bonus, benefits or allowance), provided that during the Initial Term, the Appointee shall not be entitled to terminate the Service Agreement without the prior consent of the New Board.

Each Service Agreement may be terminated prior to the expiry of the term in any of the following cases:

(a) if the Appointee becomes bankrupt or makes any arrangement or composition with his creditors generally;

(b) if the Appointee is charged with any criminal offence (save for an offence under any road traffic legislation for which he is not sentenced to any term of immediate or suspended imprisonment) and sentenced to any term of immediate or suspended imprisonment or has any judgement, including findings, in relation to fraud, misrepresentation or dishonesty, given against him, whether or not, in connection with or referable to his employment;

(c) if the Appointee is or may be suffering from a mental disorder that results in him being unable to carry out his duties;

(d) if the Appointee becomes prohibited by law or any order from any regulatory body or government authority from being, or ceases to be, an employee or director of any company (including the Company) for any reason whatsoever;

(e) if the Appointee ceases to hold the office of director pursuant to the Company's Constitution or is disqualified from holding the office of or acting as, a director of any company pursuant to any applicable Law, for whatever reason, or the Company is required or requested by any authority (whether governmental or statutory) to terminate his services;

(f) if the Appointee commits any act of criminal breach of trust or dishonesty;

(g) if the Appointee, in the reasonable opinion of the New Board, is guilty of any wilful misconduct in the discharge of his duties;

(h) if the Appointee commits any act or thing which, in the reasonable opinion of the New Board, may bring discredit on the business or the reputation of the Company; or

(i) if the Appointee, in the reasonable opinion of the New Board, breaches any material provision of the Service Agreement or his fiduciary duties to the Company.

The Service Agreements do not provide for any benefits or compensation for or in respect of or by reason of any termination of the Service Agreements.

Pursuant to the terms of the Service Agreements, the Appointees are entitled to the following terms of remuneration:

Proposed Director	Monthly Salary (US$)	Housing Allowance (US$)	Transport Allowance (US$)
Mr Serge Pun	18,500	3,500	1,200
Mr Michel Novatin	12,500	3,500	–(1)

Note:

(1) This Appointee will be provided with a car and driver from the Enlarged Group's car pool or to be rented for the use of the Appointee.

Each Appointee shall be entitled to an annual variable and discretionary performance bonus of such amount as the New Remuneration Committee may recommend and the New Board may approve which shall be dependent on, amongst others, the performance of the Appointee and the Enlarged Group for that financial year, provided always that if the employment is for less than the full financial year of the Company, such performance bonus shall be apportioned in respect of the actual number of days of employment of such Appointee on the basis of a 365-day financial year.

The Service Agreements also provide for, *inter alia*, reimbursement of out-of-pocket expenses, annual leave, medical benefits and other benefits.

It is further contemplated that each Appointee shall be eligible to participate in any employee share option schemes and performance share plans which the Company may adopt after the Completion of the Proposed Acquisition, subject to the necessary Shareholders' approvals being obtained for the Appointee's participation in such employee share option schemes and/or any performance share plans.

The salary, bonus and any other benefits-in-kind which the Appointees are entitled to shall be subject to annual review and approval by the New Board and/or the New Remuneration Committee. Each Appointee and/or his Associates shall abstain from voting in respect of any resolution or decision to be made by the New Board in relation to the terms and renewal of his Service Agreement.

Restrictive Covenants

The Service Agreement between the Company and Mr Michel Novatin provides that the Appointee shall, during the term of his employment until 12 months after the termination of his employment:

(a) not, either on his own account or in conjunction with or on behalf of any person, firm or company carry on or be engaged concerned or interested directly or indirectly in, within any country in which the Enlarged Group Companies carries on business, whether as shareholder, director, employee, partner, agent or otherwise, any business in competition with the business of the Enlarged Group Companies on or prior to the date he ceases to be an employee of the Company ("**Cessation Date**") (other than as a holder of not more than 5.0% of the total issued shares or debentures of any company listed on any recognised stock exchange);

(b) not have any interest, directly or indirectly, in, and/or provide any assistance, financial technical or otherwise, to, any person or entity to carry on any business which is in competition with the business of the Enlarged Group Companies on or prior to the Cessation Date;

(c) not be a director or hold an executive management position in any entity whose business is in competition with the business of the Enlarged Group Companies on or prior to the Cessation Date;

(d) ensure that no company or business in which he is in the position to control, dominate or influence decision making shall engage in any business similar to or which is in competition with the business of the Enlarged Group Companies as at the Cessation Date on or prior to the Cessation Date;

(e) not, either on his own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from the Enlarged Group Companies any person or corporation who (i) is or has been at any time a customer of the Group; (ii) has business dealings with the Enlarged Group Companies; or (iii) is in commercial negotiations with the Enlarged Group with a view to placing business with the Enlarged Group; or

(f) not, either on his own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from the Enlarged Group Companies solicit any employee or officer of the Enlarged Group Companies whether or not such person would commit a breach of his contract of employment or appointment by reason of leaving such employment or appointment.

The Service Agreement between the Company and Mr Serge Pun does not provide for any restrictive covenant as Mr Serge Pun is already subject to the Restricted Business Undertaking as agreed to by the Vendors (on behalf of themselves and their Affiliates) under the RTO SPA as Mr Serge Pun is one of the Affiliates of YSIL and FMI and has further entered into a deed of undertaking dated 19 November 2017 as elaborated in Section 15.5 of Part A of this Circular.

14.3 Remuneration

The compensation[1][2] paid or payable to each of the Proposed Directors and the Proposed Executive Officers for services rendered to the Memories Group in all capacities for FY2016 and FY2017 (being the two (2) most recent completed financial years) and the estimated compensation to be paid to the Proposed Directors and the Proposed Executive Officers for services rendered to the Enlarged Group in all capacities for FY2018, in bands[3] of S$250,000 per annum, are set out as follows:

	FY2016	FY2017	FY2018 (estimated)
Proposed Directors			
Mr Serge Pun	–[4]	–[4]	Band A[5]
Mr Michel Novatin	–[4]	Band B[6]	Band B[6]
Mr Tun Tun	–[4]	–[4]	Band A
Mr Basil Chan	–[4]	–[4]	Band A
Mr Robin C. Lee	–[4]	–[4]	Band A
Ms Judy Chan	–[4]	–[4]	Band A
Proposed Executive Officers			
JMR	Band A[7]	Band A[7]	Band A[7]
Mr Steven Teo	–[4]	–[4]	Band A

Notes:

(1) Such compensation includes any benefits in kind and deferred compensation accrued for the financial year in question and payable at a later date.

(2) As at the Latest Practicable Date, no portion of the compensation disclosed above was paid or to be paid:

(a) pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement; or

(b) in the form of stock options.

(3) "Band A" refers to remuneration of up to S$249,999 per financial year. "Band B" refers to remuneration of S$250,000 to up to S$499,999 per financial year. "Band C" refers to remuneration of up to S$500,000 to S$749,999 per financial year.

(4) Not appointed or employed by the Memories Group during the relevant financial years.

(5) The remuneration for Mr Serge Pun for FY2018 is computed based on the exchange rate between US$ and S$ as at the Latest Practicable Date and upon Completion.

(6) The remuneration for Mr Michel Novatin for FY2017 and FY2018 are computed based on the exchange rates between US$ and S$ as at 31 March 2017 and the Latest Practicable Date respectively.

(7) The remuneration for JMR for FY2016, FY2017 and FY2018 are computed based on the exchange rates between US$ and S$ as at 31 March 2016, 31 March 2017 and the Latest Practicable Date respectively.

Apart from payments which are required to be made by the Enlarged Group under the applicable Laws for its employees, no amounts are intended to be set aside or accrued by the Enlarged Group to provide for pension, retirement or similar benefits for the Proposed Directors and Proposed Executive Officers.

As at the Latest Practicable Date, neither the Company nor the Memories Group has any employee share schemes. Accordingly, none of the Proposed Directors, Proposed Executive Officers or employees of the Enlarged Group have been granted any options to subscribe for shares in any company in the Enlarged Group.

14.4 Remuneration of Employees Related to Proposed Directors, Proposed CEO and Substantial Shareholders

There are no family relationships (by blood or marriage) between the employees of the Enlarged Group and any of the Proposed Directors, Proposed CEO and Substantial Shareholders upon Completion.

14.5 Corporate Governance

14.5.1 Board Practices

The New Board recognises the importance of corporate governance to the Shareholders, and will exert best efforts to implement the good practices recommended in the Code of Corporate Governance.

Upon Completion, the New Board will comprise six (6) Directors, namely Mr Serge Pun, Mr Michel Novatin, Mr Tun Tun, Mr Basil Chan, Mr Robin C. Lee and Ms Judy Chan. Mr Robin C. Lee and Ms Judy Chan will be Independent Directors and Mr Basil Chan will be Lead Independent Director.

The New Board will have overall responsibility for the corporate governance of the Enlarged Group so as to protect and enhance long-term Shareholders' value. It will set the overall strategy for the Enlarged Group and supervise executive management and monitor their performance. Apart from its statutory responsibilities, the New Board will be responsible for:

(a) reviewing the financial performance and condition of the Enlarged Group;

(b) approving the Enlarged Group's strategic plans, key operational initiatives, major investment and funding decisions; and

(c) identifying principal risks of the Enlarged Group's business and ensuring the implementation of appropriate systems to manage the risks.

The New Board will hold quarterly meetings every year, with additional meetings for particular matters convened when necessary. The New Board will also review the internal control and risk management systems of the Enlarged Group at least annually to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

All other matters will be delegated to various committees (the "**Board Committees**") whose actions will be monitored by the New Board. These committees include the New Audit Committee, and the New Nominating Committee and the New Remuneration Committee, and each of the Board Committees operates within clearly defined terms of reference and functional procedures.

The New Board will continue to implement a policy of providing full disclosure of material corporate information as commercially appropriate through press announcements, press releases, Shareholders' circulars as well as through the interim and annual financial results announcements.

Each member of the Board will hold office pursuant to the provisions of the Constitution and thereafter, shall be eligible for re-election, if duly nominated, unless lawfully disqualified from holding office.

Every Director will be expected, in the course of carrying out his duties, to act in good faith, provide insights and consider at all times, the interests of the Company.

14.5.2 New Audit Committee

The New Audit Committee of the New Board will comprise Mr Basil Chan, Mr Robin C. Lee and Mr Tun Tun. The chairman of the New Audit Committee is Mr Basil Chan.

The New Audit Committee having (i) conducted an interview with Mr Steven Teo; (ii) considered the qualifications and past working experience of Mr Steven Teo; (iii) observed his abilities, familiarity and diligence in relation to the financial matters and information of the Memories Group; (iv) noted the absence of any negative feedback; and (v) the absence of internal control weaknesses attributable to Mr Steven Teo identified during the internal control review conducted, is of the opinion that Mr Steven Teo is suitable for the position of CFO of the Enlarged Group.

After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the New Audit Committee to cause them to believe that Mr Steven Teo does not have the competence, character and integrity expected of a CFO of a listed company.

After Completion, the New Audit Committee will perform, *inter alia*, the following functions:

(i) review with the independent auditor the audit plan, their evaluation of the system of internal accounting controls, their audit report, their management letter and the management's response;

(ii) review the quarterly, half-yearly and annual financial statements of the Enlarged Group before submission to the New Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(iii) review the internal controls and procedures and ensure co-ordination between the independent auditor and the management, review the assistance given by management to the independent auditor and discuss problems and concerns, if any, arising from the audits, and any matters which the independent auditor may wish to discuss (in the absence of management where necessary);

(iv) review and discuss with the independent auditor and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the management's response;

(v) consider the appointment or re-appointment of the independent auditor, the audit fee, and matters relating to the resignation or dismissal of the independent auditor;

(vi) review transactions falling within the scope of interested person transactions and the Catalist Rules, and in particular matters pertaining to acquisitions and realisations;

(vii) review and approve the Company's foreign exchange and hedging policies including whether the Company has in place adequate and appropriate hedging policies and used appropriate instruments for hedging, if applicable;

(viii) review the adequacy and structure of the finance function on an on-going basis and take appropriate remedial actions as may be necessary;

(ix) monitor and review the Enlarged Group's control of cash and banking procedures;

(x) review the adequacy and effectiveness of the Enlarged Group's internal audit function. Prior to the decommissioning of such annual internal control audits, the New Audit Committee is required to report to the New Board on the basis for the decision to decommission the internal control audit. Such audits may be re-initiated by the New Audit Committee;

(xi) undertake such other reviews and projects as may be requested by the New Board and report to the board its findings from time to time on matters arising and requiring the attention of the New Audit Committee;

(xii) (where applicable) review and determine if there may be legal, financial and/or commercial reasons why a Management Rights Opportunity in relation to an Other Project Ownership should not be offered to the Enlarged Group in accordance with the procedures as set out in Section 15.5 of Part A of this Circular;

(xiii) to monitor and review whether there may be occurrence of any Potential Buyback Events requiring the Potential Buybacks;

(xiv) to monitor and review the status of the outstanding MIC Endorsements and/or MIC Permits for the HAL Business and the BL Business;

(xv) to review whether the weaknesses as identified by the external and internal auditors have been fully addressed; and

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

Apart from the duties listed above, the New Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Enlarged Group's operating results and/or financial position. Each member of the New Audit Committee shall abstain from voting on any resolutions in respect of matters in which he is interested.

The New Board, to the best of its knowledge and belief, with the concurrence of the New Audit Committee, based on the internal controls established and maintained by the Enlarged Group, work performed by the external and internal auditors, and reviews by the New Board and the New Audit Committee, is of the opinion that the internal controls of the Enlarged Group are adequate and effective to address the financial, operational, compliance and information technology risks, and risk management systems of the Enlarged Group.

14.5.3 New Nominating Committee

The New Nominating Committee of the New Board will comprise Mr Basil Chan, Mr Robin C. Lee and Mr Serge Pun. The chairman of the New Nominating Committee is Mr Basil Chan.

The New Nominating Committee has been set up to be responsible for, *inter alia*, the development and maintenance of a transparent and formal process for the appointment or re-appointment of the Proposed Directors, the recommendation of the Proposed Directors who are due for retirement by rotation to seek re-election at the annual general meeting of the Company, the determination of status of independence of each Proposed Director, to evaluate and assess the effectiveness of the New Board as a whole, and the contribution by each Proposed Director towards the effectiveness of the New Board, review the training and professional development programs for the New Board; and review and approve any new employment of related persons and the proposed terms of their employment. For the purpose of its evaluation of the Proposed Directors' performance, the New Nominating Committee focuses on whether the Proposed Directors, individually or collectively possesses the background, experience, competencies in the relevant skills critical to the Company's business as well as whether each Proposed Director, with his contributions, brings to the New Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The New Nominating Committee will decide how the performance of the New Board is to be evaluated and propose objective performance criteria, subject to the approval of the New Board, which address how the New Board has enhanced long-term Shareholders' value. The New Board will implement a process to be carried out by the New Nominating Committee for assessing the effectiveness of the New Board as a whole and for assessing the contribution of each Proposed Director to the effectiveness of the New Board.

Each member of the New Nominating Committee shall abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the New Nominating Committee in respect of the assessment of his performance or renomination as a director.

Having regard to the Code of Corporate Governance, each Proposed Director with multiple board representations has confirmed that each of them are able to devote sufficient time and attention to the affairs of the Enlarged Group.

14.5.4 New Remuneration Committee

The New Remuneration Committee of the New Board will comprise Mr Robin C. Lee, Ms Judy Chan and Mr Basil Chan. The chairman of the New Remuneration Committee is Mr Robin C. Lee.

The New Remuneration Committee will review and approve recommendations on remuneration policies and packages that attract, retain and motivate directors and senior management to exert their best efforts to work towards the growth of the Enlarged Group, the protection and promotion of the interests of all Shareholders

and the interests of improved corporate performance. The review of remuneration package takes into consideration the long-term interests of the Enlarged Group and ensures that the interests of the directors and senior management align with that of the Shareholders. The review covers all aspects of remuneration, including but not limited to, directors' salaries, fees, allowances, bonuses, options and benefits-in-kind.

The New Remuneration Committee's recommendations will be submitted for endorsement by the entire New Board.

In addition, the New Remuneration Committee will perform an annual review of the remuneration of employees related to the Proposed Directors and Substantial Shareholders upon Completion to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The New Remuneration Committee will also review and approve any bonuses, pay increments and/or promotions of these employees and will also review the Enlarged Group's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

The New Remuneration Committee will be provided with access to expert professional advice on remuneration matters as and when necessary. The expenses of such services shall be borne by the Company. Each member of the New Remuneration Committee shall abstain from voting on any resolutions, making recommendations and/or participating in any deliberations of the New Remuneration Committee in respect of his remuneration package or that of employees related to him, if any.

A15. Future Interested Person Transactions, Proposed IPT Mandate and Potential Conflicts of Interest

15.1 Guidelines and Review Procedures for Future Interested Persons Transactions

Under Chapter 9 of the Catalist Rules, transactions between an entity at risk and an interested person are known as interested person transactions.

For the purposes of the Catalist Rules, an "**entity at risk**" refers to:

(a) the Company;

(b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or

(c) an Associated Company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the listing group or the listed group and its interested person(s) has control over the Associated Company,

upon Completion of the Proposed Acquisition.

Transactions between an entity at risk and the Proposed Directors, the Proposed CEO and the Controlling Shareholders upon Completion of the Proposed Acquisition and/or their respective Associates are interested person transactions for purposes of Chapter 9 of the Catalist Rules.

Please refer to Section 10 of Part B of this Circular for information on interested person transactions undertaken by the Memories Group for FY2015, FY2016, FY2017, 3M2018 and for the period from 1 July 2017 to the Latest Practicable Date.

15.1.1 Mandated IPTs

Future interested person transactions that the Enlarged Group may enter into after Completion of the Proposed Acquisition include the Mandated IPTs as further elaborated in Section 15.2.6 of Part A of this Circular below, which will come under the Proposed IPT Mandate, as further elaborated in Section 15.2 of Part A of this Circular below.

Transactions which do not fall within the ambit of the Proposed IPT Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Catalist Rules and/or any applicable law, and will, to the extent applicable, be subject to review procedures which are similar to the review procedures under the Proposed IPT Mandate as further elaborated in Section 15.2.7 of Part A of this Circular below, or otherwise subject to such review procedures as determined by the New Audit Committee to ensure that such interested person transactions are undertaken at arm's length, on normal commercial terms and not prejudicial to the Company and the independent Shareholders.

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, interested persons and their Associates shall abstain from voting on resolutions approving interested person transactions involving themselves and the Enlarged Group. Furthermore, such interested persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder.

15.1.2 Potential Buyback

As described in Section 2.13 of Part A of this Circular, pursuant to the Buyback Undertaking (BOB Business and BL Business), the Company, YSIL and FMI have agreed that in the event of a Potential Buyback Event in relation to the BOB Business and/or the BL Business, the relevant company within the Enlarged Group that owns such business will, subject to compliance with the provisions of the Buyback Undertaking (BOB Business and BL Business), effect a disposal of such business back to YSIL and FMI.

Under the Buyback Undertaking (BOB Business and BL Business), the Potential Buyback of the BOB Business and/or BL Business (as the case may be) will be:

(a) treated as an Interested Person Transaction and subject to all the requirements and conditions as set out under Chapter 9 of the Catalist Rules (including the seeking of an independent financial adviser's opinion in relation

to the terms of the Potential Buyback), regardless of the value of such transaction and whether the materiality thresholds under Chapter 9 of the Catalist Rules are breached; and

(b) subject to independent Shareholders' approval and YSH and FMI and their respective Associates shall abstain from voting at the Potential Buyback EGM.

Please refer to Section 2.13 of Part A of this Circular for more information regarding the Potential Buyback in relation to the BOB Business and/or the BL Business.

15.2 Proposed IPT Mandate

15.2.1 Proposed IPT Mandate

The Company wishes to seek Shareholders' approval for the proposed interested person transactions mandate (the "**Proposed IPT Mandate**") pursuant to Part VIII of Chapter 9 of the Catalist Rules. The Proposed IPT Mandate assumes that Completion of the Proposed Acquisition has taken place. Subject to Shareholders' approval, the Proposed IPT Mandate shall be effective upon Completion of the Proposed Acquisition and shall continue in force until the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is earlier.

As at the date of Completion, none of the Directors, Substantial Shareholders of the Enlarged Group and companies controlled by them will owe any debt to the Enlarged Group, save for debts arising from the Proposed IPT Mandate.

15.2.2 Catalist Rules

Chapter 9 of the Catalist Rules allows a listed company to obtain a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials that may be carried out with the listed company's interested persons. These transactions may not include the purchase or sale of assets, undertakings or businesses.

Pursuant to Rule 920(2) of the Catalist Rules, the Company may treat a general mandate as having been obtained from its Shareholders for the Company to enter into interested person transactions with its interested persons, if the information required under Rule 920(1)(b) of the Catalist Rules is included in this Circular. In relation to the Company, the information required by Rule 920(1)(b) of the Catalist Rules is as follows:

(a) the class of interested persons with which the entity at risk will be transacting;

(b) the nature of the transactions contemplated under the mandate;

(c) the rationale for, and benefit to, the entity at risk;

(d) the methods or procedures for determining transaction prices;

(e) the independent financial adviser's opinion on whether the methods or procedures in (d) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the interests of the minority Shareholders;

(f) an opinion from the New Audit Committee if it takes a different view to the independent financial adviser;

(g) a statement from the Company that it will obtain a fresh mandate from the Shareholders if the methods or procedures in (d) above become inappropriate; and

(h) a statement that the interested person will abstain, and has undertaken to ensure that its Associates will abstain, from voting on the resolution approving the transaction.

The Proposed IPT Mandate will not cover any transaction which has a value below S$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Catalist Rules would not apply to such transactions.

Transactions conducted under the Proposed IPT Mandate are not separately subject to Rules 905 and 906 of the Catalist Rules pertaining to threshold and aggregation requirements.

15.2.3 Rationale for the Proposed IPT Mandate

It is anticipated that the Company would, on and after the Completion and in the ordinary course of business, continue to enter into certain transactions with the Interested Persons, including but not limited to those categories of transactions described below.

As some of the Interested Persons operate or own interests in businesses that are complementary to the Enlarged Group's businesses in operating tourism and hospitality assets or businesses in Myanmar, certain transactions (as more particularly described in Section 15.2.6 of Part A of this Circular) between the relevant Interested Persons (as set out in Section 15.2.5 of Part A of this Circular) and the Enlarged Group have occurred in the past and would continue to occur from time to time. The Enlarged Group intends to continue to enter into transactions with these Interested Persons so long as it is carried out on arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders.

The Proposed IPT Mandate has been reviewed and recommended by the Proposed Directors.

In view of the foregoing and the benefits of the Proposed IPT Mandate to Shareholders (as described in Section 15.2.4 of Part A of this Circular), the Directors are seeking Shareholders' approval for the Proposed IPT Mandate for the

Enlarged Group to enter into the Mandated IPTs with the classes of Interested Persons set out in Section 15.2.5 of Part A of this Circular under Ordinary Resolution 6 at the EGM.

15.2.4 Benefits of the Proposed IPT Mandate

Having reviewed the class of Interested Persons covered under the Proposed IPT Mandate as set out in Section 15.2.5 of Part A of this Circular, the scope and categories of interested person transactions covered under the Proposed IPT Mandate as set out in Section 15.2.6 of Part A of this Circular and the procedures for the review and approval of Mandated IPTs under the Proposed IPT Mandate as set out in Section 15.2.7 of Part A of this Circular ("**Review Procedures**"), as well as the advice of the Independent Financial Adviser in relation to the Proposed IPT Mandate as set out in the IFA Letter, the Proposed Directors believe that the Proposed IPT Mandate is in the interests of Enlarged Group for the following reasons:

(a) Mr Serge Pun, YSIL, FMI, SPA Myanmar and certain of their respective Associates own interests in and/or operate businesses in various sectors, including namely (i) investing in, developing and constructing properties, including hotels or resorts; (ii) providing technical, management and other project consultancy or other services in respect of developments and construction of properties, including hotels and resorts; and (iii) operating and managing serviced apartments and residences. Part of the businesses owned and/or operated by these Interested Persons are complementary to the businesses of the Enlarged Group and as such, business relations with such Interested Persons provide many opportunities for the Enlarged Group to leverage their wide spectrum of businesses, many of which are able to add value to the Memories Businesses, and on the products and services provided to or supplied by these Interested Persons.

(b) The Proposed IPT Mandate will allow the Enlarged Group to take advantage of such opportunities efficiently without incurring additional administrative costs in relation thereto. The Enlarged Group will also benefit from having access to competitive quotes from the Interested Persons under the ambit of the Proposed IPT Mandate in addition to obtaining quotes from, or transacting with, non-Interested Persons.

(c) The renewal of the Proposed IPT Mandate on an annual basis would eliminate the need for the Company to announce, or to announce and convene separate general meetings from time to time to seek Shareholders' prior approval as and when potential interested person transactions with a specific class of Interested Persons arise, thereby reducing substantial administrative time-costs and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Enlarged Group. In addition, this will considerably improve administrative efficacy.

(d) The Proposed IPT Mandate is intended to facilitate the interested person transactions in the ordinary course of business of the Enlarged Group which the Directors envisage are likely to be transacted with some frequency from time to time with the Interested Persons, provided that they are carried out at arm's length and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

15.2.5 Classes of Interested Persons

The Proposed IPT Mandate will apply to the transactions that are carried out between any entity at risk and the following Interested Persons:

(a) Mr Serge Pun and his Associates;

(b) YSIL and its Associates (comprising YSH, and its subsidiaries and such other companies in which YSH, YSIL and their subsidiaries hold directly or indirectly interests of 30.0% or more);

(c) FMI and its Associates; and

(d) SPA Myanmar and its Associates.

Transactions between these Interested Persons and the Enlarged Group which do not fall within the ambit of the Proposed IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules. In particular, if such transactions are of an aggregate value equal to or more than 5.0% of the Enlarged Group's latest audited NTA, future transactions of such a nature will be subject to the Shareholders' approval.

The Proposed IPT Mandate will not cover any transaction which has a value below S$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Catalist Rules would not apply to such transactions.

Further details on the Interested Persons of the Enlarged Group are also set out in Section 10 of Part B of this Circular.

15.2.6 Scope of and categories of Interested Person Transactions

The types of transactions (the "**Mandated IPTs**") with the relevant Interested Persons to which the Proposed IPT Mandate applies are set out below:

(a) Obtaining of design, construction, renovation, project management relating to construction and development and other related services ("**Construction Services IPTs**")

The Enlarged Group may requisition design, construction, renovation, building maintenance, project management and other related services in relation to its hotels, offices and other facilities from the Interested Persons, including but not limited to SPA D&P which currently is the project manager for Pun Hlaing Lodge. SPA D&P and other Associates of the YSH Group can provide a

one-stop solution to some of the Enlarged Group's design and construction needs due to their track record in providing such design, construction and project management services.

The design, construction, renovation, building maintenance, project management relating to construction and development and other related services which may be provided by the Interested Persons include:

(i) piling services, including pile production and foundation piling works;

(ii) construction services including supply of raw materials for construction, finishing work, interior decoration, doors, windows, trusses and equipment for construction;

(iii) design and architectural services, including landscaping, design, architecture, structure and building services; and

(iv) project management services, construction management and land survey services in respect of residential, commercial and industrial properties.

(b) Leasing and sub-leasing of properties and land and related agency services ("**Leasing IPTs**")

For operational synergy and economic efficiencies, the Enlarged Group may from time to time share, lease and/or sub-lease premises (including office and operational areas) with/from the Interested Persons, and vice versa.

In connection with such sharing, leasing or sub-leasing of premises, the Enlarged Group may also obtain related services from, or provide related services to, the Interested Persons.

(c) General transactions ("**General IPTs**")

(i) Obtaining and/or provision of hotel, serviced residence and accommodation services.

The Interested Persons operate and manage certain accommodation services, including serviced residences in Pun Hlaing Estate and StarCity, Thanlyin in Yangon. The Enlarged Group may engage such hotel, serviced residence and accommodation services from the Interested Persons from time to time for the lodging of its employees, clients and advisers.

In addition, the Enlarged Group may also provide accommodation services under its Hotels Segment to its Interested Persons from time to time.

(ii) General sales and supply transactions for the supply, purchase and/or distribution of raw materials, finished goods and services

The Enlarged Group may from time to time purchase such services and supplies from the Interested Persons. This includes destination management related services purchased by the DMC Business from Interested Persons, including without limitation FMI Air (such transactions, the "**FMI Air IPTs**") and Yoma Fleet. The Enlarged Group may also purchase from time to time raw materials, finished goods and other services, or which some of the supplies may come from the Interested Persons.

In addition, it is also contemplated that the Interested Persons may from time to time purchase such services and supplies from the Enlarged Group.

(d) Obtaining and/or provision of management and support services ("**Support Services IPTs**")

The Enlarged Group may, from time to time, receive management and support services from, or provide management and support services to, its Interested Persons in the areas of finance, branding, marketing, corporate secretarial, strategic development, management information systems, human resources management and development, information technology support (including computer repair, maintenance and the maintenance of any network systems) and property security. By having access to and providing such support, the Enlarged Group will derive operational and financial leverage in its dealings with third parties as well as benefits from the network of its Interested Persons.

(e) Financing and treasury transactions ("**Finance IPTs**")

The Enlarged Group may receive financing services and support such as (i) the placement of funds with Interested Persons, in particular Yoma Bank, which is a privately owned commercial bank with one of the largest networks in Myanmar; (ii) the receipt of financial services, namely cash management for payroll services and domestic and international remittances from Interested Persons; as well as (iii) receiving bank guarantees and services in relation to provision of letters of credit from Interested Persons to help the Enlarged Group. In connection with such financing transactions, the payment of ordinary transaction charges, commission for the provision of bank guarantees or letters of credit may be made to Interested Persons from time to time. In addition, interest payments may be made by the Interested Persons to the Enlarged Group from time to time.

Specifically, the Enlarged Group may deposit cash or open bank accounts with Yoma Bank, appoint Yoma Bank to provide cash management for payroll services and deal with Yoma Bank for domestic and international remittances, provided that the amount of cash and cash equivalents deposited with Yoma Bank shall not exceed 20.0% of the Memories Group's total cash and cash equivalents ("**Yoma Bank Limit**").

15.2.7 Guidelines and Review Procedures for the Mandated IPTs

To ensure that the Mandated IPTs are conducted at arm's length and on normal commercial terms consistent with the Enlarged Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties, and will not be prejudicial to the interests of the Company and its minority Shareholders, the Enlarged Group will adopt the following procedures for the review and approval of Mandated IPTs under the Proposed IPT Mandate.

Any reference to the "Chief Financial Officer" in the following review procedures shall mean the Chief Financial Officer ("**CFO**") or such other officer of at least equivalent rank or designation of the Company for the time being which may include the Chief Executive Officer and other Executive Directors of the Company (except that such parties shall abstain if they or their Associates have any interests in such transactions).

(a) Construction Services IPTs, General IPTs and Support Services IPTs

(i) Obtaining of Construction Services IPTs, General IPTs and Support Services IPTs

(A) In order to ensure that the interests of the Group or the minority Shareholders are not disadvantaged, comparison will be made with at least two (2) quotations from unrelated third party(ies) as a basis for comparison, from independently verifiable and reliable sources as approved by the New Audit Committee from time to time ("**Approved Independent Sources**"), with advice from relevant employees of the Company with management responsibilities comprising personnel from the finance department and other relevant departments. Additionally, the Group will, to the extent practicable, take steps to ensure that the terms extended by Interested Persons to entity at risk are no less favourable than the terms offered by Interested Persons to third parties.

The list of Approved Independent Sources will be maintained by the relevant departments and reviewed by the New Audit Committee periodically. The rates/prices of the service or product providers, after taking into account factors mentioned in paragraph (a) above, shall not be less favorable than the two (2) other quotations (whatever possible or available) from the Approved Independent Sources. In determining the most competitive rates/price, all pertinent factors, including but not limited to the purchase prices, order quantity, product quality, standard of services, reliability, industry norms (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry), experience and expertise, customer requirements, product specifications, delivery schedule, delivery cost, track

record, the speed of and cost for timely response and mobilization, credit terms, specifications, scope, size, complexity and resources required for implementation of the projects for which the Interested Persons are providing products or services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions and array of services including its specialists nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks will be taken into consideration; and

(B) In the event where it is impractical or impossible to obtain comparable prices of similar transactions or products or services reasonably contemporaneous in time due to the nature of the products to be purchased or services to be obtained, the Chief Operating Officer or an equivalent senior executive or a director of the relevant company of the Enlarged Group (who has no interest, direct or indirect, in the transaction), will subject to the procedures and approval thresholds in Section 15.2.7(d) below, take such necessary steps which would include but is not limited to (1) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the terms provided to the Interested Persons are fair and reasonable; and (2) evaluate and weigh benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transactions are in accordance with applicable industry norms and/or are not prejudicial to the Company, taking into account qualitative and quantitative factors such as, but not limited to factors such as the purchase price, order quantity, product quality, standard of services, reliability, industry norms (including, where applicable, preferential prices/rates/ discounts accorded to a class of customers or for bulk purchases, where the giving of such preferential rates/prices/ discounts are commonly practised within the applicable industry), experience and expertise, customer requirements, product specifications delivery schedule, delivery cost, track record, the speed of and cost for timely response and mobilisation, credit terms, specifications, scoop, size, complexity and resources required for implementation of the projects for which the Interested Persons are providing products or services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions and array of services including its specialists nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks will be taken into consideration.

(ii) Provision of General IPTs and Support Services IPTs

(A) When selling any products or supplying any services to an Interested Person, the price or fee or profit margins and terms of two (2) other successful transactions of a similar nature (or comparable nature) with non-Interested Persons will be used as comparison to

ensure that the interests of the Enlarged Group or the minority Shareholders are not disadvantaged. The price or fee or margin for the supply or products or services shall not be lower than the lowest price or fee of the two (2) other successful transactions with non-Mandated Interested Persons, taking into account all pertinent factors, including but not limited the order quantity, industry norms (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry), delivery costs, schedules, specification compliance, track record and experience will also be taken into consideration; and

(B) In the event where it is impractical or impossible to obtain comparable prices of similar transactions or products or services reasonably contemporaneous in time due to the nature of the products to be sold or services to be provided, the Chief Operating Officer or an equivalent senior executive or a director of the relevant company of the Enlarged Group (who has no interest, direct or indirect, in the transaction), will subject to the procedures and approval thresholds in Section 15.2.7(d) below, take such necessary steps which would include but is not limited to (1) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the terms provided to the Interested Persons are fair and reasonable; and (2) evaluate and weigh benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transaction are in accordance with applicable industry norms and/or are not prejudicial to the Company, taking into account all pertinent factors, including but not limited to the order quantity, industry norms (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry), delivery costs, schedules, specification compliance, track record and experience will also be taken into consideration.

(iii) Sales and provision of products or services to Interested Persons

(A) Selling prices will be determined with reference to a standard price list in relation to the sales of such products or the provision of such services to unrelated third parties ("**Standard Price**"), such list to be approved by the Chief Operating Officer or an equivalent senior executive. Should there be any variation between the selling price and the Standard Price, the extent to which the selling price deviates from the Standard Price and the reasons for such variation will be analysed and shall be subject to the approval of the Chief Operating Officer or an equivalent senior executive or a director of

the relevant company of the Enlarged Group (who has no interest, direct or indirect, in the transaction) and the procedures and approval thresholds in Section 15.2.7(d) below.

The CFO or such other independent executive officer of the Company as appointed by the New Audit Committee shall review the said Standard Price List together with the volume and quantum of the Mandated IPTs as well as the selling prices for similar products and services provided to the non-Interested Person on a regular basis (at least on a quarterly basis or such other period as may be approved by the New Audit Committee) and in the event there are material variations or update, the CFO or such other independent executive officer of the Company as appointed by the New Audit Committee shall escalate and, where applicable, propose any change deemed necessary to the New Audit Committee. The New Audit Committee will consider the revision of the said Standard Price List and/or the review as and when necessary and appropriate.

The New Audit Committee shall review and approve the Standard Price List together with the volume and quantum of the Mandated IPTs as well as the selling prices for similar products and services provided to the non-Interested Person on a regular basis (at least on a quarterly basis or such other period as may be approved by the New Audit Committee); and

(B) In the event where the Standard Price is not available due to the unique nature of the product to be sold or service to be provided, the Chief Operating Officer or an equivalent senior executive or a director of the relevant company of the Enlarged Group (who has no interest, direct or indirect, in the transaction), will subject to the procedures and approval thresholds in Section 15.2.7(d) below, take such necessary steps which would include but is not limited to (1) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the terms provided to the Interested Persons are fair and reasonable; and (2) evaluate and weigh benefits of and rationale for transacting with the Interested Persons to ensure that the terms of the transaction are in accordance with applicable industry norms (including, where applicable, preferential to the Company, taking into account all pertinent factors, including but not limited to the order quantity, industry norms (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry), delivery costs, schedules, specification compliance, trace record and experience will also be taken into consideration.

(iv) Purchases of products or services from Interested Persons

(A) In determining whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by unrelated third parties to the Enlarged Group for the same or substantially similar type of product or service, the management of the relevant company in the Enlarged Group will obtain at least two (2) other quotations from unrelated third party vendors or suppliers for a similar or substantially similar type of product or service as bases for comparison (save that in relation to the FMI Air IPTs, the management of the relevant company in the Enlarged Group will, on an annual basis, obtain at least two (2) other quotations from unrelated third party vendors or suppliers for a similar or substantially similar type of product or service as bases for comparison) for the purposes of determining whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by unrelated third parties to the Enlarged Group. In determining the most competitive rates/prices, all pertinent factors, including but not limited to the purchase price, order quantity, product quality, standard of services, reliability, industry norms (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry), experience and expertise, customer requirements, product specifications, delivery schedule, delivery cost, track record, the speed of and cost for timely response and mobilization, credit terms, specifications, scope, size, complexity and resources required for implementation of the projects for which the Interested Persons are providing products or services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions and array of services including its specialists nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks will be taken into consideration. Additionally, the Group will, to the extent practicable, take steps to ensure that the terms extended by the Interested Persons to entity at risk are no less favourable than the terms offered by Interested Persons to third parties.

(B) In the event where it is impractical or not possible for such quotations to be obtained (for example, where there are no unrelated third party vendors or suppliers of a similar type of product or service, or the product or service is proprietary), such transaction may only be entered into with approval from any one of the Directors of the New Audit Committee with no interest, direct or indirect in the Mandated IPTs. Such Directors of the New Audit Committee will, subject to the procedures and approval thresholds in Section 15.2.7(d) below, take such necessary steps which would include but is not limited to (1) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the

terms provided to the Interested Persons are fair and reasonable; and (2) evaluate and weigh benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transaction are in accordance with applicable industry norms and/or are not prejudicial to the Company, taking into account all pertinent factors, including but not limited to the order quantity, industry norms (including, where applicable, preferential prices/rates/ discounts accorded to a class of customers or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry), delivery costs, schedules, specification compliance, track record and experience will also be taken into consideration.

(b) Leasing IPTs

(i) Rental of premises to or from Interested Persons

(A) The Enlarged Group will only enter into the leasing of premises to and from Interested Persons if the rent payable is in line with, or more favourable to the Enlarged Group than, prevailing market rental rates for comparable spaces. In relation to the rental of premises from the Interested Persons, the Enlarged Group will obtain at least two (2) other quotations from unrelated third party landlords for a comparable space in similar locations or within the vicinity. Additionally, the Group will, to the extent practicable, take steps to ensure that the terms extended by Interested Persons to entity at risk are no less favourable than the terms offered by the Interested Persons to third parties.

(B) Where it is impractical or not possible to obtain prevailing market rental rates for comparable spaces, a director of the relevant company of the Enlarged Group (who has no interest, direct or indirect, in the transaction) will:

(1) in relation of the rental of premises from the Interested Persons, ensure that the price and terms offered to the Enlarged Group are fair and reasonable and that transaction would be conducted on normal commercial terms and arm's length basis, taking into account qualitative and quantitative factors such as, but not limited to location and facilities available; and

(2) in relation of the rental of premises to the Interested Persons, determine the rent payable in accordance with industry norms and consistent with the usual business practices and pricing policies of the relevant company of the Enlarged Group.

(c) Finance IPTs

(i) The following procedures will be undertaken to supplement the internal systems of the Enlarged Group to ensure that the finance and treasury transactions are undertaken with Interested Persons on an arm's length basis and on normal commercial terms.

(A) In relation to the placement of funds with the Interested Person, subject to the Yoma Bank Limit, we will enter into such arrangements if the interest payable is in line with, or more favourable to the Enlarged Group than, prevailing market interest rates and transaction fees arising from such arrangements;

(B) The Company will require that prior to making any commitment to a transaction to engage any cash management for payroll or remittance services, quotations shall be obtained from such Interested Person and at least two (2) unrelated third party banks (as approved by the New Audit Committee) for rates of deposits/charges/commissions with such banks of an equivalent amount, and for the equivalent period, of the funds to be placed by the Enlarged Group, the cash management for payroll services, the remittance services to be provided to the Enlarged Group. The Enlarged Group will only place its funds or engage such services with such Interested Person, provided that the terms quoted are not less favourable than the terms quoted by such banks;

(C) The CFO and/or the financial controller of the Company (the "**Financial Controller**") shall monitor (at least on a half-yearly basis) and obtain new quotations from two (2) unrelated third party banks for rates of deposits/charges/commissions with such banks of an equivalent amount, and for the equivalent period, of the funds to be placed by the Enlarged Group, the cash management for payroll services, the remittance services to ensure that the terms of the Interested Person remain not less favourable than the terms quoted by such banks; and

(D) In the event where it is impractical or not possible for such quotations to be obtained (for example, where there are no independent third party banks providing rates of deposits/charges/commissions with such banks of an equivalent amount), such transaction may only be entered into with approval from any one of the Directors of the Audit Committee with no interest, direct or indirect in the Mandated IPT. Such Directors of the New Audit Committee will, subject to the procedures and approval thresholds in Section 15.2.7(d) below, take such necessary steps which would include but is not limited to (1) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the terms provided to the Interested Persons are fair and reasonable; and (2) evaluate and weigh benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transactions are in accordance with applicable industry norms and/or are not prejudicial to the Company, taking into account all pertinent factors, including the consistency with the usual business practices, pricing, track record and experience, and the scope, size and complexity of the needs of the Enlarged Group.

(E) The CFO and/or the Financial Controller of the Company will maintain a separate register for transactions carried out with Interested Persons. This register shall be submitted to the New Audit Committee for review on a quarterly basis to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules) are complied with, in particular, to consider the economic and commercial substance of the transactions and be satisfied that the transactions are on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

(d) Approvals and review thresholds

In addition to the above guidelines and review procedures, the following approval procedures in respect of Construction Services IPTs, General IPTs (including the FMI Air IPTs), Support Services IPTs, Leasing IPTs and Finance IPTs will be implemented to supplement the internal systems of the Enlarged Group to ensure that the Mandated IPTs carried out under the Proposed IPT Mandate are undertaken on an arm's length basis and on normal commercial terms:

In relation to all Mandated IPTs other than Construction Services IPTs entered into in connection with the construction of the Pun Hlaing Lodge:

Individual or aggregate value of the IPTs	**Required approval prior to making any commitment to the transaction**
Greater than or equal to S$100,000 but less than or equal to 3.0% of the Enlarged Group's latest audited consolidated NTA	(1) Director of the relevant company in the Enlarged Group; and (2) Company's Chief Executive Officer or Director (who shall not be an Interested Person in respect of the particular transaction)
Greater than 3.0% but less than or equal to 5.0% of the Enlarged Group's latest audited consolidated NTA	(1) Company's Chief Executive Officer or Director (who shall not be an Interested Person in respect of the particular transaction); and (2) A majority of the members of the New Audit Committee (excluding any person who shall be an Interested Person in respect of the particular transaction)
Greater than 5.0% of the Enlarged Group's latest audited consolidated NTA	A majority of the members of the New Audit Committee (excluding any person who shall be an Interested Person in respect of the particular transaction)

In relation to Construction Services IPTs entered into in connection with the construction of the Pun Hlaing Lodge:

Individual or aggregate value of the IPTs	**Required approval prior to making any commitment to the transaction**
Less than S$500,000	The approval of the director of the relevant company in the Enlarged Group (who shall not be an Interested Person in respect of the particular transaction).
Greater than or equal to S$500,000 but less than or equal to 3.0% of the Enlarged Group's latest audited consolidated NTA	(1) The approval of the director of the relevant company in the Enlarged Group; and (2) Verification and confirmation by the Company's Chief Executive Officer or Director (who shall not be an Interested Person in respect of the particular transaction) prior to making any commitment to the transaction.
Greater than 3.0% but less than or equal to 5.0% of the Enlarged Group's latest audited consolidated NTA	(1) Company's Chief Executive Officer or Director (who shall not be an Interested Person in respect of the particular transaction); and (2) A majority of the members of the New Audit Committee (excluding any person who shall be an Interested Person in respect of the particular transaction).
Greater than 5.0% of the Enlarged Group's latest audited consolidated NTA	A majority of the members of the New Audit Committee and the Board of Directors (excluding any person who shall be an Interested Person in respect of the particular transaction) prior to making any commitment to the transaction.

(e) Additional Controls

In addition to the review and approval procedures set out above, the following will also be implemented:

(i) The CFO and/or the Financial Controller will maintain a register of Mandated IPTs carried out with Interested Persons pursuant to the Proposed IPT Mandate, including those of value below S$100,000 (the "**IPT Register**"). The IPT Register will record the basis for entering into the Mandated IPTs including but not limited to, including the quotations and supporting evidence or records or details obtained to support such basis, on which they were entered into as well as the approving authority. The IPT Register shall be prepared, maintained, monitored and reviewed on a monthly basis, by both the CFO and the Financial Controller who are not Interested Persons. This is to ensure that they are carried out on normal commercial terms and in accordance with the guidelines and review procedures in the Proposed IPT Mandate. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction(s) and its supporting documents or such other data deemed necessary by the New Audit Committee. In addition, any exceptions or deviations from the procedures shall be reported and highlighted to the New Audit Committee immediately;

(ii) The CFO will obtain signed letters of confirmation from key management personnel, Controlling Shareholders and the Directors on a periodic basis (of not more than half yearly) with respect to their interest in any transactions with the Enlarged Group;

(iii) The CFO will maintain a list of the Directors and Controlling Shareholders and their Associates (which is to be updated immediately if there are any changes) to enable identification of Interested Persons. The master list of Interested Persons which is maintained shall be reviewed by the New Audit Committee on at least on half yearly basis;

(iv) The Enlarged Group's annual or periodic (such periods to be decided by the New Audit Committee) internal audit plan shall incorporate a review of all Interested Person Transactions (where applicable), including the established review procedures for monitoring of such Interested Person Transactions, entering into during the current financial year pursuant to the Proposed IPT Mandate. The approving authority in the approval thresholds as set out in Section 15.2.7(d) of Part B of this Circular may be delegated with the approval in writing of the New Audit Committee, the basis shall also be set out in such approval in writing of the Audit Committee;

(v) The Company shall, on a periodic basis (at least on a quarterly basis), report to the New Audit Committee on all Mandated IPTs and the basis of such transactions, entered into with Interested Persons to ensure that they are carried out on normal commercial terms and in accordance with the guidelines and review procedures in the Proposed IPT Mandate. The New Audit Committee shall periodically review such Mandated IPTs except where any Mandated IPTs require the approval of the New Audit Committee prior to the transaction. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction(s) and its supporting documents or such other data deemed necessary by the New Audit Committee. The New Audit Committee shall, when it deems fit, have the right to require the appointment of independent sources, advisers and/or valuers to provide additional information or review of controls and its implementation pertaining to the transactions under review;

(vi) In the event that a member of the New Audit Committee is interested in any Mandated IPTs, he shall abstain from participating in the review and approval of that particular transaction;

(vii) The Enlarged Group's internal auditor shall, on at least on half-yearly basis or such other periods as required by the New Audit Committee, subject to adjustment in frequency, depending on factors such as, *inter alia*, substantial increment of aggregate transactional value, report to the Audit Committee on all Mandated IPTs, and the bases of such transactions, entered into with Interested Persons during the preceding period. Except where the Mandated IPTs concerned are required under the review procedures to be reviewed and approved by the New Audit Committee prior to the entry thereof, the New Audit Committee shall review such Mandated IPTs at its periodic meetings (which shall be held at least four (4) times a year, or at such other frequency as decided by the New Audit Committee);

(viii) The New Audit Committee will conduct periodic reviews at least on a quarterly basis of the review procedures for the Mandated IPTs. If during these periodic reviews by the New Audit Committee, the New Audit Committee is of the view that the guidelines and review procedures for Mandated IPTs have become inappropriate or insufficient in the event of changes to the nature of, or the manner in which, the business activities of the Enlarged Group or the Interested Persons are conducted, new guidelines and procedures will be set so that Mandated IPTs will be carried out on arm's length basis and on normal commercial terms, will not be prejudicial to the interests of the Company and its minority Shareholders, and the Company will seek a fresh mandate from Shareholders based on such new guidelines and procedures. All Mandated IPTs will be reviewed and approved by the New Audit Committee prior to entry while a fresh general mandate is being sought from the Shareholders; and

(ix) The New Audit Committee will review the letters of confirmation from key management personnel, the Controlling Shareholders and the Directors of the Company and all Interested Person Transactions on a periodic basis (which shall be at least on quarterly basis) and the outcome of such review shall be minuted.

For the purpose of the above review and approval process, any Director, who has an interest in the Mandated IPTs under review and is not considered independent, will abstain from voting on any resolution relating to the Mandated IPTs and/or abstain from participating in the New Audit Committee's decision during its review of the established review procedures for the Mandated IPTs or during its review or approval of any Mandated IPTs.

15.2.8 Disclosure

In accordance with Chapter 9 of the Catalist Rules, the Company will:

(a) disclose the Proposed IPT Mandate and the aggregate value of the Mandated IPTs conducted pursuant to the Proposed IPT Mandate in the annual report for the financial year during which the Proposed IPT Mandate is in force.

(b) announce the aggregate value of the Mandated IPTs conducted pursuant to the Proposed IPT Mandate for each relevant financial period, which it is required to report on pursuant to the Catalist Rules, within the time required for the announcement of such report. These disclosures will be made in the form required under Chapter 9 of the Catalist Rules.

The name of the Interested Person and the corresponding aggregate value of the IPTs will be presented in the following format:

Name of interested person	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules)**	**Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)**

15.2.9 Expiry and Renewal of the Proposed IPT Mandate

If approved by Shareholders at the EGM, the Proposed IPT Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in general meeting) continue in force until the next annual general meeting of the Company.

Approval from Shareholders will continue to be sought for the modifications to, and renewal of, the Proposed IPT Mandate at the next annual general meeting and at each subsequent annual general meeting of the Company, subject to the satisfactory review by the New Audit Committee of its continued application to the Mandated IPTs.

15.2.10 Review of Non-Mandated Interested Person Transactions and Review by the New Audit Committee

All other existing and future interested person transactions not subject to the Proposed IPT Mandate will be reviewed and approved in accordance with the threshold limits as set out under Chapter 9 of the Catalist Rules, to ensure that they are carried out on arm's length basis and on normal commercial terms, and are not prejudicial to the interests of our Company and our minority Shareholders. Following, in the event that such interested person transactions require the approval of the New Board and our New Audit Committee, the relevant information will be submitted to the New Board and the New Audit Committee for review. In the event that such interested person transactions require the approval of our Shareholders, additional information may be required to be presented to the Shareholders and an independent financial adviser may be appointed for an opinion.

The New Audit Committee will also review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules) are complied with.

15.3 Advice of the Independent Financial Adviser in respect of the Proposed IPT Mandate

Asian Corporate Advisors Pte. Ltd. has been appointed as the IFA in relation to the Proposed IPT Mandate pursuant to Rule 920(1)(b)(v) of the Catalist Rules, to opine on whether the methods and review procedures, as set out above, are sufficient to ensure that the Mandated IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Based on the analysis undertaken and subject to the qualification and assumptions made in the IFA Letter, the Independent Financial Adviser is of the opinion that the adoption of the Proposed IPT Mandate and the procedures as set out in this Circular, is in the interest of the Company and that the review procedures (including the additional controls) for determining the transaction prices pursuant to the Proposed IPT Mandate as set out in Section 15.2.7 of Part A of this Circular, if adhered to fully, are sufficient to ensure that the Mandated IPTs will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Please see the IFA Letter in Appendix A for more details.

Shareholders are advised to read the IFA Letter carefully. Shareholders are also advised to read the copy of the IFA Letter in its entirety.

15.4 New Audit Committee's Statement

The New Audit Committee confirms that it does not take a different view to the Independent Financial Adviser in relation to the methods or procedures for determining transaction prices as set out in Section 15.2.7 of Part A of this Circular. Pursuant to Rule 920(1)(b)(vi) of the Listing Manual, the New Audit Committee is not required to issue an opinion.

15.5 Potential Conflict of Interests

Interests of Proposed Directors, Controlling Shareholders of the Company and/or their respective Associates.

In general, a conflict of interests arises when any of the Proposed Directors or Controlling Shareholders of the Company and/or their respective Associates is carrying on or has any interest in any other corporation carrying on the same business or dealing in similar products as the Enlarged Group.

YSIL and YSH, who is the sole shareholder of YSIL, which will be Controlling Shareholders of the Company upon Completion, and the Associates of Mr Serge Pun, the proposed Executive Chairman upon Completion, which include the FMI Group, have certain interests in hospitality-related businesses outside of the Enlarged Group. Notwithstanding this, the Proposed Directors are of the view that potential conflicts, if any, are reasonably mitigated in the manner as further elaborated below:

The Peninsula Yangon

YSH and FMI have respectively 24.0% and 6.0% interests in the proposed redevelopment of the former headquarters of the Burma Railway Company into The Peninsula Yangon ("**The Peninsula Yangon**"). Being property developers, neither YSH nor FMI will be involved in the management and operation of The Peninsula Yangon.

As part of the development plan of The Peninsula Yangon, YSH had in 2013 entered into a definitive conditional shareholders' agreement with The HongKong and Shanghai Hotels, Limited ("**HKSH**"), the owner of the renowned Peninsula brand hotel and a company listed on the HKSE, to restore the former headquarters of the Burma Railway Company into The Peninsula Yangon.

The Proposed Directors note that the management arrangement between YSH and the HKSH group has been agreed prior to the entry of the RTO SPA. Further, The Peninsula Yangon, being a luxury hotel located in a city centre, does not fit in with the profile of the other hotel assets which are managed or intended to be managed by the Enlarged Group immediately after Completion, which are mainly leisure tourism-focused hotels or resorts.

In view of the above, The Peninsula Yangon is not part of the assets acquired by the Memories Group or to be acquired by the Enlarged Group pursuant to the Proposed Acquisition, nor are there plans to require Memories Group and/or the Enlarged Group to be given a right to secure the management and operation rights in respect of The Peninsula Yangon, whether before or after the Completion of the Proposed Acquisition.

Restricted Business Undertaking

Pursuant to the Restricted Business Undertaking under the terms of the RTO SPA, YSIL and FMI have undertaken that neither they nor their Affiliates will undertake the Restricted Business which includes (i) the business of management and/or operation of resorts and hotels in Myanmar; (ii) the business of tourism destination management business in Myanmar; and (iii) the business of management, operation and ownership of hot-air balloons tourism attraction assets in Myanmar.

Please refer to Section 2.8.6 of Part A of this Circular entitled "Mutual Covenants in relation to Restricted Business" of this Circular for further details of the Restricted Business Undertaking

Rights of First Offer

(a) ROFO Undertaking

Pursuant to the ROFO Undertaking under the terms of the RTO SPA, YSIL and FMI have undertaken that in the event that they and their Affiliates receive (whether directly or indirectly, including through other person) at any time or from time to time during the Vendor's Restricted Period, any bona fide offer, proposal or expression of interest or otherwise has an opportunity, for its own account or otherwise and whether or not solicited, to carry on or be engaged, concerned or interested in, carrying on, or otherwise to consider any proposed investment or participation in, any Restricted Business Opportunity, YSI and FMI shall, to the extent that it is within their powers to grant such right, and they are legally or contractually not restricted from doing so, offer the Enlarged Group the right of first offer to commercially exploit, invest and/or participate in the Restricted Business Opportunity in place of and to the exclusion of YSIL and FMI and their Affiliates.

Please refer to Section 2.8.7 of Part A of this Circular entitled "Rights of First Offer – Restricted Business Opportunity" of this Circular for further details of the ROFO Undertaking.

(b) Management Rights Opportunity Undertaking

Pursuant to the Management Rights Opportunity Undertaking under the terms of the RTO SPA, YSIL and FMI have undertaken that in the event that at any time or from time to time during the Vendor's Restricted Period, they and/or any of their Affiliates propose or intend to develop, acquire, invest or participate in Other Project Ownership that falls within the MRO Parameters, YSIL and FMI shall offer the Company the Management Rights Opportunity.

The prescribed parameters take in consideration, *inter alia*, whether the hotel or resort asset which is the subject of the Other Project Ownership is primarily a leisure tourism-focused hotel or resort asset, as opposed to primarily a business-focused hotel or resort asset, and the nature and manner of the Offeror's participation in the Other Project Ownership.

In addition, under the RTO SPA, it is contemplated that the Management Rights Opportunity may not have to be offered to the Enlarged Group if the New Audit Committee of the Company determines, *inter alia*, that there are any legal, financial and/or commercial reasons or other circumstances prevailing which would make it unreasonable or impracticable to require the Offeror to offer the Management Rights Offer Opportunity to the Company. For the avoidance of doubt, save as determined by the New Audit Committee of the Company as aforementioned, an Offeror is obliged to offer the Management Rights Opportunity in relation to an Other Project Ownership so long as such Other Project Ownership falls within the MRO Parameters.

It is currently contemplated that the relevant procedures which the New Audit Committee will follow or comply with in determining if there may be legal, financial and/or commercial reasons why a Management Rights Opportunity in relation to an Other Project Ownership should not be offered to the Enlarged Group will be as follows:

(a) where a written request or notice has been given by the Vendors, JMR and/or their respective Affiliates for the New Audit Committee to determine if there may be legal, financial and/or commercial reasons why a Management Rights Opportunity in relation to an Other Project Ownership should not be offered to the Enlarged Group, the New Audit Committee will convene separate meetings and/or discussions for making such determination, and all such meetings and/or discussion and decision made (together with the relevant supporting documents) shall be duly minuted and recorded;

(b) management shall table the relevant paper(s) and submission(s) to the New Audit Committee on Management's recommendations as to whether the New Audit Committee should agree not to have the Management Rights Opportunity in relation to the relevant Other Project Ownership offered to the Enlarged Group, with sufficient details and information on the relevant legal, financial and/or commercial reasons why a Management Rights Opportunity in relation to an Other Project Ownership should not be offered to the Enlarged Group or otherwise the basis on which the recommendations are made, for the New Audit Committee's review and consideration;

(c) where the New Audit Committee deems it necessary or desirable, the New Audit Committee may direct Management to, and Management shall be obliged to seek such independent legal, accounting or other professional advice as may be applicable or relevant in order to enable or facilitate the New Audit Committee's determination or consideration of Management's recommendation; and

(d) members of Management who may be interested in the relevant Other Project Ownership which is the subject of any determination or consideration by the New Audit Committee shall abstain from making any recommendations to the New Audit Committee and members of the New Audit Committee who may be interested in the relevant Other Project Ownership, which is the subject of any determination or consideration by the New Audit Committee, shall abstain from participating in any deliberations or the making of any decisions by the New Audit Committee.

The Proposed Directors are of the view that since the business of the Enlarged Group after Completion is focused on the management and operation of tourism-related assets in Myanmar, including hotel or resort assets, there is no need to preclude YSIL and FMI and their Affiliates from, *inter alia*, developing, acquiring, investing or participating in Other Project Ownerships so long as they do not undertake the management and/or operation of such asset themselves (which they have agreed not to do under the non-compete provisions in the RTO SPA, namely the Restricted Business Undertaking and the ROFO Undertaking), but engage third parties to do so, and give the opportunity to the Enlarged Group to do so, through the Management Rights Opportunity.

Please refer to Section 2.8.7 of Part A of this Circular entitled "Rights of First Offer – Management Rights Opportunity" of the Circular for further details of the Management Rights Opportunity.

Other businesses

Members of the YSH Group and FMI Group, who are either Controlling Shareholders or their Associates and/or Associates of Mr Serge Pun, the proposed Executive Chairman, are also engaged in the business of operating and managing serviced apartments and residences.

The Proposed Directors are of the view that since the management or operation of serviced apartments and residences are not directly competing in the leisure or tourism hospitality sector which the Enlarged Group operates in, it would not pose significant potential conflict of interests with the business of the Enlarged Group.

Deed of Undertaking

In addition to the foregoing, to further mitigate any potential conflict of interests, Mr Serge Pun has entered in a deed of undertaking on 19 November 2017 pursuant to which Mr Serge Pun undertakes to the Company that with effect from the date of Completion of the Proposed Acquisition, for so long as the shares of the Company continue to be listed and traded on SGX-ST and for so long as Mr Serge Pun is ("**Restricted Period**"):

(a) a director of the Company;

(b) an employee of the Company and for a period of 12 months after the termination of such employment; or

(c) a Controlling Shareholder of the Company,

Mr Serge Pun shall, and shall procure that his Associates shall:

(i) not either on his or its own account or in conjunction with or on behalf of any person firm or company carry on or be engaged concerned or interested directly or indirectly in the Restricted Business (other than as a holder of not more than 5.0% of the total issued shares or debentures of any company listed on any recognised stock exchange);

(ii) not have any interest, directly or indirectly, in, and/or provide any assistance, financial, technical or otherwise, to, any person or entity in which he or it has a financial interest in, to carry on the Restricted Business;

(iii) not be a director or hold an executive management position in any entity in which he or it has a financial interest in, whose business is in competition with the Restricted Business;

(iv) ensure that no company or business in which he or it has a financial interest in, and he or it is in the position to control, dominate or influence decision making, shall engage in the Restricted Business;

(v) not either on his or its own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from the Enlarged Group any person or corporation who (i) is or has been at any time a customer or supplier of the Enlarged Group; or (ii) is in commercial negotiations with the Enlarged Group with a view to placing business with the Enlarged Group; or

(vi) not either on his or its own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from the Enlarged Group solicit any management employee or officer of the Group Companies whether or not such person would commit a breach of his contract of employment or appointment by reason of leaving such employment or appointment.

Notwithstanding the above,

A. the definition of Associates for the purposes of sub-paragraphs (i) to (vi) above shall not include YSH, its subsidiaries and associated companies;

B. the definition of Associates for the purposes of sub-paragraphs (i) to (vi) above will not include FMI, its subsidiaries and associated companies, as long as Mr Serge Pun and his Associates collectively hold directly or indirectly less than 50.0% of the shares in FMI; and

C. due to the business nature of Yoma Bank Limited, a subsidiary of FMI, Yoma Bank Limited shall not be subjected to the provisions stipulated in sub-paragraphs (i) to (vi). Notwithstanding the foregoing, for so long as Mr Serge Pun and his Associates collectively hold directly or indirectly more than 50.0% of the shares in Yoma Bank Limited, Mr Serge Pun shall procure Yoma Bank Limited not to directly or indirectly own, either wholly or partially, or invest in any tourism or tourism related assets, businesses or companies.

A16. Risk Factors

An investment in the Shares of the Company following Completion involves a number of risks, some of which, including business, operational, legal and regulatory risks, could be substantial and are inherent in the Memories Group's business.

Shareholders should evaluate carefully the following considerations and all the other information set forth in this Circular (including without limitation Section 8 of Part B of this Circular entitled "Risk Factors") before deciding on how to cast their votes at the EGM.

The following risk factors relate principally to the general economic, political and regulatory conditions in Myanmar, the ownership of Shares of the Company following Completion and risks relating to the Proposed Acquisition.

Shareholders should refer to the risk factors set out in Section 8 of Part B of this Circular, which contain risk factors relating to the business of the Memories Group and the industry in which the Memories Group operates.

If any of the following considerations, risks and uncertainties develops into actual events, the business, financial condition, results of operations, cash flows and prospects of the Enlarged Group could be, directly or indirectly, materially and adversely affected. In the event that any of the following occurs, the trading price of the Shares could fluctuate and/or decline and Shareholders may lose all or part of their investment in the Shares.

This Circular also contains forward-looking statements that involve risks and uncertainties. The actual results could differ materially from those anticipated or implied in these forward-looking statements as a result of certain factors, including the risks faced by the Enlarged Group described below and elsewhere of this Circular.

16.1 Risks relating to Myanmar

Political, economic and social instability in Myanmar

All of the Memories Group's businesses are based in Myanmar. Any unfavourable changes in the social and political conditions of Myanmar may adversely affect the Enlarged Group's business, financial condition and results of operations. The economy of Myanmar (including its tourism and hospitality sector) is still developing. In addition, companies may have to deal with inadequate telecommunications, transportation and other infrastructure, and shortage of utilities and other essential services, which will affect the ease and cost of doing business in Myanmar. There is no certainty that political, economic and social reforms of the current Myanmar government will continue or be successful, and there is no certainty that the business and investment environment in Myanmar will continue to improve or be sustainable. Ethnic and sectarian tensions may possibly hamper investor confidence, and the growth and stability of the economy. In such circumstances, the Enlarged Group's business could be adversely affected.

Changes in government legislation, regulations and policies in Myanmar

Any change in government legislation, regulations or policies directly or indirectly affecting the Enlarged Group's business or the markets in which the Enlarged Group operates could have a negative effect on the demand for its products and services. Furthermore, any change in the application and treatment of such legislation, regulations or policies may adversely affect the Enlarged Group's business. Either of these circumstances could, in turn, have a material adverse impact on the Enlarged Group's businesses, financial condition and results of operations.

The Myanmar legal system is still maturing and the interpretation and application of Myanmar laws and regulations involve uncertainties. The Enlarged Group's operations in Myanmar will be subject to the laws and regulations promulgated by the Myanmar legislature, and notifications and guidelines from various government authorities and bodies.

There have recently been significant changes to Myanmar laws and regulations, and such changes are likely to continue. However, the Myanmar government is still in the process of developing its legal system to meet the needs of investors and to encourage foreign investment. As the Myanmar economy is undergoing development at a faster pace than its legal system, some degree of uncertainty exists in connection with whether and how existing laws and regulations will apply to certain events or circumstances. Specifically, whilst such changes to the laws and regulations have brought about improvement to Myanmar's legal and regulatory regime, the laws and regulations may not be comprehensive and adequately address all concerns, may conflict with each other, and may sometimes be ambiguous and subject to different interpretations. Further, the laws and regulations of Myanmar may be supplemented or otherwise modified by unofficial or internal guidelines and practices which exist but which are not documented or which are not generally available to the public or uniformly applied. Such guidelines and practices may not have been ruled upon by the courts or enacted by legislative bodies and may be subject to change without notice or adequate notice. There are also limited precedents on the interpretation, implementation or enforcement of Myanmar laws and regulations. This may create further uncertainty over the interpretation and application of Myanmar laws and regulations. While Myanmar adopts a mixed legal system of common law, civil law and customary law, governmental policies play an overriding role in the implementation of the laws. Furthermore, the application and administration of Myanmar laws and regulations may be subject to a certain degree of discretionary determination by the authorities and may differ in implementation across various regional governments and government authorities and bodies. In any event, the resolution of commercial and investment disputes by domestic tribunals, either through the courts or arbitration proceedings, is, at present, limited. The experience of Myanmar courts with respect to commercial disputes is significantly limited, although domestic arbitration is available under the Myanmar Arbitration Law 2016, which serves as the municipal legislation to give effect to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, to which Myanmar acceded on 16 April 2013. There are limited local experts with the knowhow needed to preside over commercial disputes. While Myanmar has recently passed the Myanmar Arbitration Law 2016, it is uncertain how long it would take to implement the law effectively and build a framework capable of supporting the recognition and enforcement of foreign arbitral awards by the Myanmar courts.

Foreign exchange risk in Myanmar

CBM used to maintain a certain fixed exchange rate between the Kyat and the US$ prior to 2 April 2012 before adjusting it to align with the then prevailing market rates and still continues to manage the foreign exchange through a managed float system. There can be no assurance that the CBM will, or would be able to, intervene or maintain this managed float system in the future or that any such intervention or managed float system would be effective. Further, there can be no assurance that the Myanmar government will not impose

more restrictive or other exchange controls. Any further imposition, variation or removal of exchange controls may adversely affect the value of them or their ability to repatriate the proceeds of any distributions out of Myanmar.

Currently, there are no financial instruments available to any public company in Myanmar which will allow the Enlarged Group to effectively hedge against the currency fluctuation risks of the Kyat. Should the Kyat depreciate against other currencies, such as the US$, the price of imported goods will rise and the cost of hiring staff for the Enlarged Group may also increase as some of its staff are paid in US$, which could have an adverse impact on the Enlarged Group's business, financial condition and operations.

The Memories Group does not currently hedge against currency fluctuation risks. As most of the Enlarged Group's revenue is denominated in US$ while most of its costs are denominated in Kyat and GBP, any fluctuations in currency exchange rates may adversely affect its profitability and financial position. Additionally, if there is unfavourable fluctuation of its functional currencies (which is US$, Kyat and GBP) against its presentation currency (which is denominated in US$), this will also have an impact on its results of operations and financial condition.

Limited accessibility of publicly available information and statistics in Myanmar

Under the current business environment in Myanmar, it may be difficult to obtain up-to-date information and statistics on other businesses in Myanmar that may be relevant to the Enlarged Group such as business activities, track record, operating and financial leverage, liquidity, quality of earnings and accounting, economic outlook, growth statistics and other relevant data. Inaccurate information may make it difficult for the Enlarged Group to assess the prospects and potential of any business opportunities available to them from time to time and may consequently adversely affect the Enlarged Group's business decisions, which could in turn materially and adversely affect the Enlarged Group's financial condition and operations.

16.2 Risks Relating to the Proposed Acquisition

The due diligence on the Memories Group may not have identified all material defects, breaches of laws and regulations and no due diligence was conducted on the inherent or historical tax liabilities and other deficiencies of Memories Group

While the Company believes that reasonable due diligence investigations with respect to the business of the Memories Group has been conducted, there is no assurance that the due diligence investigations had uncovered all non-compliance with the laws and regulations in relation to them and deficiencies in their businesses and assets. Further, the Company did not engage tax advisers to conduct due diligence on the historical tax liabilities incurred (or to be incurred) by them. Should any of the Memories Group's businesses not be in compliance with certain laws and regulations, the Enlarged Group may also incur financial or other obligations in relation to such breaches or non-compliance. They may also be subject to additional tax liabilities for the period prior to Completion which may or may not have been fully provided for in the financial statements of the Memories Group, and this may have a material adverse effect on the business, financial condition,

results of operations and prospects of the Enlarged Group if the Company is not able to make claims against the Warrantors to recover such tax liabilities, as further elaborated below.

The Warrantors have provided customary representations and warranties and indemnities in connection with the Proposed Acquisition, including certain representations and warranties relating to the Restructuring, the Memories Group, the Memories Businesses, and tax indemnities. The liability of the Warrantors in respect of their warranties and indemnities in relation to the Memories Businesses are several, insofar as they are warranting only in respect of, *inter alia*, the Memories Businesses that they are connected to, and the amounts that can be claimed from different Warrantors are also subject to different quantum of limits.

The representations, warranties and indemnities granted in favour of the Company are subject to limitations as to their scope and amount and timing of claims which can be made thereunder. Accordingly, there can be no assurance that the Company will be reimbursed under such representations, warranties and indemnities for all losses or liabilities suffered or incurred by it as a result of any breach of representations and warranties and/or claims for indemnities in connection with the Proposed Acquisition.

For further details of the representations, warranties and indemnities granted in favour of the Company in connection with the Proposed Acquisition, please refer to Section 2.8.1 of Part A of this Circular entitled "Representations and Warranties".

Additional funds raised through issuance of new shares or loans for the Enlarged Group's future growth will dilute Shareholders' equity interest or may limit our ability to pay dividends

The Enlarged Group expects to incur significant capital expenditure in the future and therefore may require additional financing to fund such capital expenditure. The Enlarged Group has identified plans as described in Section 5.19 of Part B of this Circular entitled "Strategies and Future Plans", including completion of the construction of Pun Hlaing Lodge and the development of the BL Land. In addition, the Enlarged Group may chance upon other opportunities to increase its portfolio of tourism and hospitality assets to expand its platform. Under such circumstances, it may need to obtain additional debt or equity financing to fund its future capital expenditures. However, the Enlarged Group cannot ensure that its profitability will increase significantly or that it will not incur losses after its capital expenditure.

If additional funds are raised through the issuance of new equity or equity-linked securities other than on a pro rata basis to the then-existing Shareholders, the percentage ownership of Shareholders may be reduced, resulting in a dilution, and, in the case of a rights issue, will require additional investments by Shareholders. Further, an issue of Shares below the then prevailing market price will also affect the value of Shares then held by existing investors. Dilution in Shareholders' equity interests may occur even if the issue of Shares is at a premium to the market price.

In addition, any additional debt funding would increase our debt equity ratio and may restrict its freedom to operate its business as it may have conditions that (a) limit its ability to pay dividends or require it to seek consents for the payment of dividends; (b) increase its

vulnerability to general adverse economic and industry conditions; (c) require it to dedicate a portion of its cash flow from operations to repayments of its debt, thereby reducing the availability of its cash flow for capital expenditures, working capital and other general corporate purposes; and (d) limit its flexibility in planning for, or reacting to, changes in its businesses.

The Enlarged Group cannot ensure that it will be able to secure additional funding on terms that are acceptable to the Enlarged Group when required to meet its business requirements and if that is so, it may not be able to fully implement its plans or respond to competitive pressures or unanticipated requirements, in which case, its business results would suffer.

The Proposed Compliance Placement may not be successfully carried out

It is proposed that the Company undertakes the Proposed Compliance Placement in order for the Company to comply with the Minimum Public Float and maintain its listing status. It is envisaged that the trading of the shares of the Company will be suspended from the date of Completion and such suspension will continue during the period allowed for the Proposed Compliance Placement until such time as the Minimum Public Float is met.

There is no assurance that the Proposed Compliance Placement will be successfully carried out. The successful completion of the Proposed Compliance Placement to meet the Minimum Public Float will depend on, *inter alia*, prevailing market conditions, the pricing of the Placement Shares, and investors' interest in the Memories Businesses. If the Proposed Compliance Placement is not or is unable to be carried out so as to meet the applicable Minimum Public Float, trading of the shares of the Company may continue to be suspended and the SGX-ST may require the shares of the Company to be de-listed.

The accounting treatment of the reverse acquisition could have a material adverse impact on the financial performance and position of the Enlarged Group

The Proposed Acquisition is required to be accounted for as a reverse acquisition upon Completion of the Proposed Acquisition in accordance with the accounting policies of the Enlarged Group. From the financial reporting perspective, MM Myanmar is deemed as the acquirer that acquires the Company as the issue of Consideration Shares pursuant to the Proposed Acquisition would result in the shareholders of MM Myanmar and/or their nominees obtaining the majority and controlling shareholding interest in the enlarged share capital of the Company. In view that the Company has ceased its operations and being a cash company, the Proposed Acquisition would be accounted for in accordance with FRS 102 "Share-based payment", in which, the excess of cost fair value of the deemed consideration and the fair value of the identifiable net assets of the Company will be recognised as an expense in profit or loss of the Enlarged Group. As the cost fair value of the deemed consideration and the fair value of the identifiable net assets will be measured and determined as at the Completion Date, the excess will be quantified and recognised as expenses in the financial year immediately after the Completion, to be reported by the Enlarged Group. Accordingly, this could have a material adverse impact on the financial performance and position of the Enlarged Group. For more information about the estimated financial effect of the reverse acquisition, please refer to the Appendix C entitled "Unaudited Pro Forma Consolidated Financial Information of SHC Capital Asia Limited and its Subsidiary Corporations for the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-month Period ended 30 June 2017."

16.3 Risks relating to Ownership of the Shares Following Completion

The Controlling Shareholder upon Completion will retain significant control over the Company after Completion which will allow it to influence the outcome of matters submitted to Shareholders for approval

Upon Completion (but prior to the Proposed Compliance Placement), the Controlling Shareholder, YSIL together with FMI, in aggregate will own approximately 67.7% of the Company's share capital. As a result, they will be able to exercise significant influence over matters requiring Shareholders' approval, including the election of Directors and the approval of significant corporate transactions. The Controlling Shareholder will also have veto power with respect to any Shareholders' action or approval requiring a majority vote except where it is required by the rules of the SGX-ST or the Catalist Rules to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of them which may not benefit our Shareholders.

Certain Proposed Directors of the Company upon Completion will also serve as directors and/or officers of other companies

The proposed Executive Chairman, Mr Serge Pun, is currently the executive chairman of YSH, the holding company of the Controlling Shareholder, YSIL and the executive chairman of FMI and the proposed Non-executive Director, Mr Tun Tun, is the chief financial officer and executive director of FMI, one of the Substantial Shareholders that is also an Associate of Mr Serge Pun.

The aforementioned Proposed Directors will need to devote their time and attention amongst their various positions and responsibilities in such manner as they, in consultation with the respective nominating committees and the boards of directors of the Company, YSH and FMI, consider appropriate.

There may be transactions and/or dealings between the Enlarged Group and the YSH Group and/or the FMI Group from time to time after Completion, including but not limited to those contemplated in relation to the Potential Buyback and the Mandated IPTs under the Proposed IPT Mandate. There are also certain restrictions and covenants which the YSH Group and/or FMI Group have to comply with under the terms of the RTO SPA, including having to give rights of first offer to the Enlarged Group to secure the management and operation rights to other hotel or resorts assets which the YSH Group and/or the FMI Group may own, which may require the Company to enforce such rights against them, and/or decide whether to proceed with such offer.

While there are contractual provisions under the RTO SPA and review procedures under the Proposed IPT Mandate that prescribe how the Company should review, consider and/or approve such transactions and/or dealings, including requiring interested Directors to abstain from making any recommendations or approving such transactions and dealings, there is no certainty or assurance that potential conflicts of interest may not arise in connection with some transactions and dealings.

Sale of Shares by the Relevant Vendor Parties

Following the expiry of the Original Moratorium Period and the Extended Moratorium Period, the longer of which, all or certain Shares owned by the Relevant Vendor Parties will be eligible for sale in the open market, subject to applicable securities laws and regulations. The market price of the Shares could decline as a result of sales of such Shares in the market. These sales, or the possibility that these sales may occur, also might make it more difficult for the Company to issue new securities in the future at a time and price that it deems appropriate.

A17. General and Statutory Information

17.1 Information on Proposed Directors, Proposed Executive Officers and Controlling Shareholders of the Memories Group

Save as disclosed below, none of the Proposed Directors, the Proposed Executive Officers or the Controlling Shareholder of the Company (upon Completion):

(a) has, at any time during the last ten (10) years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two (2) years from the date he ceased to be a partner;

(b) has, at any time during the last ten (10) years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two (2) years from the date he ceased to be a director or any equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, on the ground of insolvency;

(c) has any unsatisfied judgment against him;

(d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

(e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

(f) has, at any time during the last ten (10) years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, nor has he been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

(i) has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere;

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and

(k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Disclosures in relation to Mr Serge Pun

On 12 July 1990, the Committee on Takeovers and Mergers of Hong Kong (the "**Takeover Committee**") issued a public censure of a former chairman of Paladin Limited ("**Paladin**") ("**Public Censure**"), a former managing director of Paladin and Mr Serge Pun, then an indirect shareholder of Paladin. The censure was for their failure to comply with the Takeover Committee's decision requiring the aforesaid persons, together with certain other persons, to make a general offer for all Paladin shares other than those beneficially owned by those required to make the general offer (the "**Paladin Case**"). On 21 January 1991, the listing committee (the "**Listing Committee**") of the HKSE, after taking into consideration the above-said censure by the Takeover Committee, also issued a censure ("**HKSE Censure**") stating, *inter alia*, that it would object to the appointment of the above-said former chairman and managing director as directors of any listed company on the HKSE. However, Mr Serge Pun was not restricted or prohibited from acting as a director of any listed company in the Listing Committee's statement.

Background to the Paladin Case

In 1989, Sergen Development Limited ("**Sergen**"), a company then controlled by Mr Serge Pun, held approximately 10.0% shares in Paladin, a company listed on the HKSE. Mr Serge Pun was also then the manager for two (2) investment companies that Paladin had invested in (the "**investment companies**"). The representatives of Paladin sat on the boards of these investment companies. Paladin's investments in these investment companies took place before Sergen became a shareholder of Paladin.

A third party launched a hostile takeover offer for Paladin. At an extraordinary general meeting to vote on the takeover offer ("**Takeover EGM**"), shareholders of Paladin, including Sergen, voted against the third party takeover offer. As Sergen did not have any seat on Paladin's board nor was Mr Serge Pun involved in any way with the management of Paladin, Mr Serge Pun represented that Sergen took the view that it was an independent shareholder and voted against the takeover offer at the Takeover EGM.

After the Takeover EGM, the third party filed a complaint that certain directors and shareholders of Paladin, including Sergen, and the Paladin management had acted in concert to consolidate control of Paladin, citing the fact that Paladin had board seats on the investment companies and that Sergen was a concert party.

There was a hearing by the Takeover Committee and it was ruled that a concert party relationship was technically in existence between Paladin and Sergen on the grounds that Paladin had directors on the boards of the investment companies which was construed to be affiliated to Sergen. Under the Hong Kong Takeover Code, all concert parties were jointly required to make a general offer for Paladin. As the concert parties were not able to comply with such general offer obligation, the Public Censure was issued by the Takeover Committee to amongst other, Mr Serge Pun, while the HKSE Censure was issued by HKSE to Paladin's former chairman and managing director.

Disclosure in relation to Mr Basil Chan

Since 2006, Mr Basil Chan has been a non-executive independent director of AEM Holdings Limited ("**AEM**"), a company listed on the Mainboard of the SGX-ST. In May 2007, AEM announced that seven (7) of its employees (including the chief executive officer) were under investigation by the Corrupt Practices Investigation Bureau ("**CPIB**"). Mr Basil Chan assisted the CPIB in their investigations which were in connection with events that occurred prior to his appointment as a non-executive independent director of AEM. To the best of his knowledge, save for charges filed against the former chief financial officer and former executive directors of AEM, no charges have been filed against any of the other employees investigated by the CPIB.

In 2006, Mr Basil Chan was a non-executive independent director of Stratech Systems Limited ("**Stratech**") when Stratech was investigated by the Commercial Affairs Department ("**CAD**") in relation to a possible breach of the SFA arising from an inadvertent misstatement in an announcement made by Stratech. To the best of Mr Basil Chan's knowledge, the investigation has been closed and no charges were made against any director of Stratech.

In 2007, Mr Basil Chan assisted with the CAD's investigation into a company (the "**Relevant Company**"), which he was formerly an independent non-executive director of, for insider trading. The investigation took place after he stepped down from the board of the Relevant Company. Mr Basil Chan was not the subject of the investigation and held no shares in the Relevant Company.

Disclosure in relation to YSH

YSH had made an announcement on 29 December 2011, in response to SGX-ST's query on trading activity, in which YSH had responded, *inter alia*, that it was not aware of any reasons for the unusual trading activity in relation to YSH's shares. YSH subsequently released an announcement in relation to a proposed acquisition exercise ("**Acquisition Exercise**"). The SGX-ST was of the view that YSH should have monitored its shares closely and announced the Acquisition Exercise when the unusual trading occurred and a private warning was administered to YSH on 5 December 2012 in relation thereto.

YSH received a letter ("**MAS Letter**") from MAS on 21 July 2017 notifying YSH that it has not disseminated information from its substantial shareholder within one (1) business day from the date of receipt of the notice in relation to its change in shareholding in YSH, pursuant to Section 137G(1) of the SFA. However, the MAS Letter stated that no regulatory action would be taken.

17.2 Share Capital

As at the date of this Circular, there is only one (1) class of shares in the capital of the Company, being ordinary shares. There are no founder, management, deferred or unissued shares. The existing Shares (including, but not limited to the Shares held by the Directors and Substantial Shareholders) do not carry voting rights which are different from the Consideration Shares or the Company Placement Shares. The rights of and privileges attached to the Shares are stated in the Constitution.

As at the Latest Practicable Date:

(a) save as disclosed in Section 13.3 of Part A of this Circular, the Company is not directly or indirectly owned or controlled, whether severally or jointly, by any person or government;

(b) save for the Proposed Acquisition and the Proposed Compliance Placement, the Directors are not aware of any arrangement the operation of which will result in a change in control of the Company;

(c) the Directors are not aware of any event which has occurred since the beginning of the most recent completed financial year and the Latest Practicable Date, which may have a material effect on the financial position and results of the Company; and

(d) there has not been any public take-over offer, by a third party in respect of any of the Shares of the Company or by the Company in respect of the shares of another corporation or the units of a business trust, which has occurred between the beginning of the most recent completed financial year and the Latest Practicable Date.

Save as disclosed below, there were no changes in the issued and paid-up share capital of the Company or any issue of Shares for a consideration other than cash within the three (3) years preceding the Latest Practicable Date:

Date	Number of Shares issued/ cancelled	Purpose of change in capital	Consideration per Share	Resultant number of Shares	Resultant issued and paid-up capital
19 January 2017	–(1)	SHC Capital Reduction	–(1)	305,982,583	S$11,075,295.40

Note:

(1) The SHC Capital Reduction did not result in a change in the number of Shares of the Company.

The issued and paid-up share capital of the Company as at Latest Practicable Date was S$11,075,295.40 divided into 305,982,583 Pre-Consolidated Shares.

As at the Latest Practicable Date:

(i) no person has, or has the right to be given, an option to subscribe for or purchase any Shares;

(ii) there is no arrangement which involves the employees of the Company that involves the issue or grant of options or Shares or any other securities in the Company, and no option to subscribe for or purchase Shares has been granted to, or was exercised by, any Director or the chief executive officer of the Company; and

(iii) none of the Shares are held by or on behalf of the Company.

17.3 Material Contracts

Save for the following contracts, the Company has not entered into any material contract, not being a contract entered into in the ordinary course of business, within the two (2) years preceding the Latest Practicable Date:

(a) the Company and CUIKS Limited, MENGGS Limited, LILC Limited, JongkolTrakulyingcharoen, Flourishing Profits Venture Limited, Hong Liang and Teoh Sew Hock (collectively, the "**Tong Da Vendors**") had, through an exchange of correspondence, agreed on 2 November 2015 to a mutual termination of the sale and purchase agreement dated 29 May 2015 between the Company and the Tong Da Vendors (as supplemented and amended on 21 July 2015) with effect from 31 October 2015;

(b) the Company and the Vendors had on 24 October 2016 entered into the Original SPA;

(c) the Company, Major Shareholder and ERGO had entered into a substitution agreement on 22 July 2016 pursuant to which the parties have agreed to (i) the substitution of the Company's cash deposit of S$1.3 million placed with United Overseas Bank ("**UOB**") as security for a standby letter of credit of S$1.3 million issued

by UOB in favour of ERGO ("**Cash Deposit**"), with an equivalent amount of S$1.3 million to be furnished and placed as a cash deposit by the Major Shareholder with UOB directly; and (ii) thereafter, the release and return of the Cash Deposit to the Company;

(d) the Company and the Vendors had on 30 June 2017 entered into an extension letter, pursuant to which they have agreed that the Long Stop Date for the fulfilment or waiver of the conditions precedent set out in the RTO SPA will be extended from 30 June 2017 to 30 September 2017;

(e) the Company and the Vendors had on 17 August 2017 entered into the Supplemental SPA;

(f) the Company and JMR had on 17 August 2017 entered into the JMR Deed of Undertaking and Warranty;

(g) the Company and JMR had on 29 September 2017 entered into an amendment agreement in relation to the JMR Deed of Undertaking and Warranty;

(h) the Company and the Vendors had on 29 September 2017 entered into an extension letter to extend the Long Stop Date from 30 September to 31 December 2017;

(i) the Company had on 20 November 2017 entered into the Buyback Undertaking (BL Business and BOB Business); and

(j) the Company had on 20 November 2017 entered into the Buyback Undertaking (HAL Business).

17.4 Material Litigation

As at the Latest Practicable Date, the Company is not engaged in any legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated, which may have or have had in the 12 months before the date of this Circular, a material effect on the Company's financial position or profitability, and the Directors have no knowledge of any proceedings pending or threatened against the Company or any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position or the business of the Company.

17.5 Taxation

Please refer to Appendix O "Singapore Taxation and Exchange Controls" for a discussion of certain material matters relating to Singapore income tax, capital gains tax, stamp duty, estate duty and goods and services tax consequences in relation to the purchase, ownership and disposal of the Shares of the Company based on the tax laws in Singapore, which is based on laws, regulations and interpretations now in effect and available as at the Latest Practicable Date.

The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out in Appendix O of this Circular.

The summary in Appendix O is not intended to constitute a complete or exhaustive description of all of the Singapore tax considerations that may be relevant to a decision to purchase, hold or dispose of the shares of the Company and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. It is not intended to be and does not constitute legal or tax advice.

A18. Interests of Directors and Substantial Shareholders

18.1 As at the Latest Practicable Date

As at the Latest Practicable Date, the interests of Directors and/or the Substantial Shareholders of the Company in the issued and paid-up share capital as recorded in the Register of Directors' Shareholdings pursuant to Section 164 of the Companies Act and the Register of Substantial Shareholders pursuant to Section 88 of the Companies Act are as follows:

	Direct Interest		Deemed Interest	
Directors	**Number of Shares**	**%**	**Number of Shares**	**%**
Mr Teo Soo Kiat	–	–	249,639,317	81.6
Mr Teo Soo Chew	–	–	249,639,317	81.6
Mr Teo Chiang Khai	–	–	249,639,317	81.6
Mr Teo Hsi Leang	–	–	–	–
Mr Ng Fook Ai, Victor	–	–	–	–
Mr Teo Eu Jin, Nicholas	–	–	–	–
Substantial Shareholders				
SHC Capital Holdings Pte Ltd	249,639,317	81.6	–	–
See Hoy Chan Holdings Pte Ltd[(1)]	–	–	249,639,317	81.6
See Hoy Chan Sdn. Berhad[(2)]	–	–	249,639,317	81.6
Mr Teo Soo Kiat[(3)]	–	–	249,639,317	81.6
Mr Teo Soo Chew[(3)]	–	–	249,639,317	81.6
Mr Teo Chiang Khai[(3)]	–	–	249,639,317	81.6

Notes:

(1) See Hoy Chan Holdings Pte Ltd has a deemed interest in 249,639,317 shares arising from its 100.0% interest in SHC Capital Holdings Pte Ltd which holds 249,639,317 shares.

(2) See Hoy Chan Sdn. Berhad has a deemed interest in 249,639,317 shares arising from its 100.0% interest in See Hoy Chan Holdings Pte Ltd.

(3) Messrs Teo Soo Chew, Teo Soo Kiat and Teo Chiang Khai are deemed to be interested in the shares held by SHC Capital Holdings Pte Ltd by virtue of their respective interests in See Hoy Chan Sdn. Berhad.

18.2 Last three (3) years prior to the Latest Practicable Date

Save as disclosed below, as recorded in the Register of Directors' Shareholdings pursuant to Section 164 of the Companies Act and the Register of Substantial Shareholders pursuant to Section 88 of the Companies Act, there have been no significant changes in the ownership in Shares held by the Directors and Substantial Shareholders over the last three (3) years prior to the Latest Practicable Date.

Allcare Investment Holdings Pte Ltd transferred 3,627,000 Shares to SHC Capital Holdings Pte. Ltd. on 23 September 2014.

18.3. Save as disclosed below, none of the Directors (other than in his capacity as Director or Shareholder) or (as far as the Directors are aware) Controlling Shareholders of the Company, as well as the respective Associates of the aforementioned persons, has an interest, direct or indirect, in the Proposed Transactions, save for their respective interests in the Shares of the Company.

The Company has appointed KCY as its Myanmar legal counsel in connection with the Proposed Acquisition. As at the date of this Circular, Mr Nicholas Teo, an Independent Director of the Company, is a consultant with Kelvin Chia Partnership, Singapore which is affiliated with KCY. Mr Nicholas Teo has confirmed that he has no legal or beneficial equity interest in KCY, and he has not been involved in any decision taken in relation to the appointment of KCY nor the work undertaken by KCY in relation with the Proposed Acquisition.

A19. Directors' Recommendations

The Directors (including the Recommending Directors in relation to the Proposed Whitewash Resolution and the Proposed IPT Mandate), having considered and reviewed, amongst other things, the terms of, rationale for benefits of and financial effects of the Proposed Acquisition, the risk factors and other investment considerations, the Independent Valuation, the Property Valuation, the advice of the IFA in relation to the Proposed Whitewash Resolution and the Proposed IPT Mandate as set out in the IFA Letter and the views of the Proposed Directors in relation to the Proposed IPT Mandate and the Proposed Adoption of the Memories PSP, and all other relevant facts set out in this Circular, are of the opinion that:

(a) the Proposed Acquisition;

(b) the Proposed Share Consolidation;

(c) the Proposed Allotment and Issue of the Consideration Shares;

(d) the Proposed Allotment and Issue of the Company Placement Shares;

(e) the Proposed Whitewash Resolution;

(f) the Proposed IPT Mandate;

(g) the Proposed Appointment of the Proposed Directors;

(h) the Proposed Share Issue Mandate;

(i) the Proposed Adoption of the Memories PSP;

(j) the Proposed Change of Independent Auditor;

(k) the Proposed payment of Directors' Fees to the Existing Board; and

(l) the Proposed Change of Name,

are in the interest of the Company and are not prejudicial to the interests of the Shareholders, and accordingly, they recommend that Shareholders vote in favour of all the resolutions in relation to the Proposed Transactions as set out in the Notice of EGM dated 20 November 2017 contained in the Circular.

Please refer to Section 15.3 of Part A of this Circular entitled "Advice of the Independent Financial Adviser in Respect of the Proposed Whitewash Resolution and the Proposed IPT Mandate". The letter from the IFA containing its advice is set out in Appendix A entitled "IFA Letter in relation to the Proposed Whitewash Resolution and the Proposed IPT Mandate" to this Circular.

A20. Extraordinary General Meeting

The EGM, notice of which is contained in this this Circular, will be held at 442 Orchard Road, Level 3, Orchard Ballroom 3, Singapore 238879 on Monday, 18 December 2017 at 2.30 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the ordinary and special resolutions set out in the Notice of EGM.

A21. Abstention from Voting

21.1 Proposed Whitewash Resolution

The Vendors Concert Party Group and parties not independent of them will abstain from voting in respect of their Shares (if any) on Ordinary Resolution 5 and shall not accept nomination as proxies or otherwise for voting on the Ordinary Resolution 5 unless they are given specific instructions as to voting.

21.2 The Proposed Adoption of Memories PSP

Shareholders who are entitled to participate in the Memories PSP, including all Directors, Controlling Shareholders and their Associates, shall abstain from voting on Ordinary Resolution 14 relating to the Proposed Adoption of the Memories PSP at the EGM and they will not accept any appointments to act as proxies of other Shareholders to vote on the Ordinary Resolution 14 relating to the Proposed Adoption of the Memories PSP at the EGM, unless the relevant Shareholder shall have given specific instructions as to the manner in which his votes are to be cast for such resolutions.

21.3 The Proposed IPT Mandate

Rules 919 and 920(1)(b)(viii) of the Listing Manual state that interested persons shall abstain and undertake that their Associates shall abstain from voting on the resolution approving interested person transactions involving themselves and the Group. Such interested persons and their Associates also shall not act as proxies in relation to such resolutions unless voting instructions have been given by the relevant Shareholder.

As at the Latest Practicable Date, none of the Interested Persons set out in Section 15.2.5 of Part A of this Circular hold any Shares and would therefore not be entitled to vote on Ordinary Resolution 6 in the Notice of EGM relating to the Proposed Adoption of the IPT Mandate. If any of the Interested Persons set out in Section 15.2.5 of Part A of this Circular or their Associates acquires any Shares prior to the EGM, they shall abstain from voting in respect of each of their shareholdings in the Company on Ordinary Resolution 6 relating to the Proposed Adoption of the IPT Mandate as set out in the Notice of EGM. None of the Interested Persons set out in Section 15.2.5 of Part A of this Circular and their Associates will act as proxies in respect of Ordinary Resolution 6 unless specific voting instructions have been given by the relevant shareholders.

A22. Action to be Taken by Shareholders

Appointment of Proxies

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road #11-02 Singapore 068898, not less than 48 hours before the time fixed for the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked. A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at 72 hours before the EGM.

A23. Responsibility Statement of Directors

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (save for information in Part B of 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 Proposed Transactions, and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. 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.

A24. Responsibility Statement of Financial Adviser and Sponsor

To the best of the Financial Adviser and Sponsor's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions and the Company and the Memories Group, and the Financial Adviser and Sponsor is not aware of any facts the omission of which would make any statement in this Circular misleading.

A25. Consents

The Financial Adviser and Sponsor

PPCF, the Financial Adviser to the Company in relation to the Proposed Acquisition and the Sponsor to the Company, has given and has not withdrawn its written consent to act in such capacity and to the issue of this Circular with the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

The IFA

Asian Corporate Advisors Pte. Ltd., as the independent financial adviser in relation to the Proposed Whitewash Resolution and the Proposed IPT Mandate, has given and has not withdrawn its written consent to act in such capacity, and to the issue of this Circular with the inclusion of its name, and the IFA Letter reproduced in Appendix A and all references thereto in the form and context in which it appears in this Circular, and the availability of the IFA Letter as a document for inspection.

The Independent Business Valuer

Ernst & Young Solutions LLP, as the Independent Business Valuer in respect of the Memories Businesses, has given and has not withdrawn its written consent to act in such capacity and to the issue of this Circular with the inclusion of its name, and the Independent Valuation Summary Letter reproduced in Appendix B of this Circular, and all references thereto in the form and context in which it appears in this Circular, and the availability of the Independent Valuation Summary Letter and report in relation to the Independent Valuation as a document for inspection.

The Independent Property Valuer

Robert Khan & Co Pte Ltd, as the Independent Property Valuer in respect of Hpa An Lodge, Pun Hlaing Lodge and the BL Land, has given and has not withdrawn its written consent to act in such capacity, and to the issue of this Circular with the inclusion of its name, and the Property Valuation Certificates reproduced in Appendix Q of this Circular, and all references thereto in the form and context in which it appears in this Circular, and the availability of the Property Valuation Certificates and report in relation to the Property Valuation as a document for inspection.

KCY

KCY, as the legal adviser to the Company on Myanmar Law, has given and has not withdrawn its written consent to act in such capacity, and to the issue of this Circular with the inclusion of its name, and the KCY Legal Opinion reproduced in Appendix P of this Circular, and all references thereto in the form and context in which it appears in this Circular.

Nexia

Nexia, as the auditors to the Memories Group and the Reporting Accountants in respect of the Proposed Acquisition, has given and has not withdrawn its written consent to act in such capacity and to the issue of this Circular with the inclusion of its name, and Appendices C, D, E, F, G, H, I, J, K, L, M, N, and references thereto in the form and context in which it appears in this Circular, and the availability of the forgoing documents as documents for inspection.

KPMG

KPMG LLP as the auditors of the Company has given and has not withdrawn its written consent to act in such capacity, and to the issue of this Circular with the inclusion of its name, and all references thereto in the form and context in which it appears in this Circular.

Other professional parties

Each of Messrs Altum Law Corporation, Berwin Leighton Paisner, Lee & Lee, the principal bankers to the Company, the principal banker to the Memories Group and the Share Registrar and Share Transfer Agent has given and has not withdrawn its written consent to act in such capacity, and to the issue of this Circular with the inclusion of its name, and all references thereto in the form and context in which they appear in this Circular.

Each of Messrs. Altum Law Corporation, Berwin Leighton Paisner, Lee & Lee, the principal bankers to the Company, the principal banker to the Memories Group and the Share Registrar and Share Transfer Agent does not make or purport to make any statement in this Circular or any statement upon which a statement in this Circular is based, and to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any persons which is based on, or arises out of this statements, information or opinions of this Circular.

A26. Interests of Financial Adviser, Sponsor and Placement Agent, Independent Business Valuer, Independent Property Valuer and IFA

(a) Interests of the Independent Business Valuer

In the reasonable opinion of the Directors, the Independent Business Valuer, Ernst & Young Solutions LLP, does not have a material relationship with the Company or the Memories Group, save for Ernst & Young Solutions LLP being the Independent Business Valuer.

(b) Interests of the Independent Property Valuer

In the reasonable opinion of the Directors, the Independent Property Valuer, Robert Khan & Co Pte Ltd, does not have a material relationship with the Company or the Memories Group, save for Robert Khan & Co Pte Ltd being the Independent Business Valuer.

(c) Interests of the Financial Adviser, Sponsor and Placement Agent

In the reasonable opinion of the Directors, the Financial Adviser, Sponsor and Placement Agent, PPCF, does not have a material relationship with the Company or the Memories Group save for the following:

(i) PPCF is the Financial Adviser, Sponsor and Placement Agent in respect of the Proposed Acquisition; and

(ii) PPCF is currently the continuing sponsor of the Company, and will be the continuing sponsor of the Company for a period of three (3) years from the date of Completion.

(d) Interests of the IFA

In the reasonable opinion of the Directors, the IFA, Asian Corporate Advisors Pte. Ltd., does not have a material relationship with the Company or the Memories Group, save for Asian Corporate Advisors Pte. Ltd. being the IFA in relation to the Proposed Whitewash Resolution and the Proposed IPT Mandate.

A27. Interests of Experts and Other Relationships

None of the experts named in this Circular:

(a) is employed on a contingent basis by the Company and/or the Memories Group; or

(b) has a material interest, whether direct or indirect, in the Shares of the Company and/or the Memories Group; or

(c) has a material economic interest, whether direct or indirect, in the Company and/or the Memories Group, including an interest in the Proposed Transactions.

A28. Documents Available for Inspection

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours for a period of six (6) months from the date of this Circular:

(a) the material contracts referred to in Section 17.3 of Part A of this Circular entitled "Material Contracts";

(b) the material contracts referred to in Section 11 of Part B of this Circular entitled "Material Contracts";

(c) the Independent Valuation Summary Letter and the full report in relation to the Independent Valuation;

(d) the Property Valuation Certificates and the full report in relation to the Property Valuation;

(e) the IFA Letter;

(f) the KCY Legal Opinion;

(g) the Service Agreements;

(h) Unaudited Pro Forma Consolidated Financial Information of SHC Capital Asia Limited and its Subsidiary Corporations for FY2015, FY2016 and FY2017 and 3M2018;

(i) Unaudited Pro Forma Consolidated Financial Information of MM Myanmar Pte. Ltd. and its Subsidiary Corporations for FY2015, FY2016 and FY2017 and 3M2018;

(j) Audited Financial Statements of Pun Hlaing Lodge Limited for FY2015, FY2016 and FY2017;

(k) Audited Financial Statements of Shwe Lay Ta Gun Travels & Tours Company Limited for FY2015, FY2016 and FY2017;

(l) Audited Financial Statements of Chindwin Investments Limited for FY2015, FY2016 and FY2017;

(m) Audited Financial Statements of Traditional Lodge Hotel Company Limited for FY2015, FY2016 and FY2017;

(n) Audited Financial Statements of Asia Holidays Travels & Tours Company Limited for FY2015, FY2016 and FY2017;

(o) Unaudited Interim Financial Statements of Pun Hlaing Lodge Limited for 3M2018;

(p) Unaudited Interim Financial Statements of Shwe Lay Ta Gun Travels & Tours Company Limited for 3M2018;

(q) Unaudited Interim Financial Statements of Chindwin Investments Limited for 3M2018;

(r) Unaudited Interim Financial Statements of Traditional Lodge Hotel Company Limited for 3M2018;

(s) Unaudited Interim Financial Statements of Asia Holidays Travels & Tours Company Limited for 3M2018;

(t) the letters of consent referred to in Section 25 of Part A of this Circular;

(u) the annual report of the Company for the financial year ended 31 December 2016;

(v) the Constitution; and

(w) the constitution of MM Myanmar.

Yours faithfully

Mr Teo Soo Kiat
Chairman and Interim Chief Executive Officer
For and on behalf of the Board of Directors of
SHC Capital Asia Limited

20 November 2017

MM Myanmar Directors

Mr Serge Pun @ Thiem Wai
Mr Georges Michel Novatin
Mr Tun Tun

Registered Office

78 Shenton Way
#32-00
Singapore 079120

MM MYANMAR PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201634838G)

20 November 2017

To: **The Shareholders of SHC Capital Asia Limited**

Dear Sir/Madam

1. **THE PROPOSED ACQUISITION OF 100% EQUITY INTERESTS IN MM MYANMAR PTE. LTD. FROM YOMA STRATEGIC INVESTMENTS LTD., FIRST MYANMAR INVESTMENT COMPANY LIMITED AND EXEMPLARY VENTURES LIMITED;**

2. **THE PROPOSED SHARE CONSOLIDATION OF EVERY SEVEN (7) PRE-CONSOLIDATED SHARES INTO ONE (1) CONSOLIDATED SHARE (FRACTIONAL ENTITLEMENTS TO BE DISREGARDED);**

3. **THE PROPOSED ALLOTMENT AND ISSUE OF 264,997,065 CONSIDERATION SHARES PURSUANT TO THE PROPOSED ACQUISITION;**

4. **THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 93,000,000 COMPANY PLACEMENT SHARES PURSUANT TO THE PROPOSED COMPLIANCE PLACEMENT;**

5. **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHT OF INDEPENDENT SHAREHOLDERS (BEING SHAREHOLDERS OTHER THAN THE VENDORS CONCERT PARTY GROUP AND THEIR CONCERT PARTIES) TO RECEIVE A MANDATORY GENERAL OFFER FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE VENDORS CONCERT PARTY GROUP;**

6. **THE PROPOSED IPT MANDATE;**

7. **THE PROPOSED APPOINTMENT OF THE PROPOSED DIRECTORS TO THE NEW BOARD UPON COMPLETION OF THE PROPOSED ACQUISITION;**

8. **THE PROPOSED SHARE ISSUE MANDATE;**

9. **THE PROPOSED ADOPTION OF THE MEMORIES PSP;**

10. **THE PROPOSED CHANGE OF INDEPENDENT AUDITOR;**

11. **THE PROPOSED PAYMENT OF DIRECTORS' FEES TO THE EXISTING BOARD; AND**

12. **THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM "SHC CAPITAL ASIA LIMITED" TO "MEMORIES GROUP LIMITED".**

B1. Introduction

This Part B of this Circular has been prepared by the MM Myanmar Directors, on behalf of the Memories Group, for inclusion in this Circular. Except where the context otherwise requires, capitalised terms defined in this Circular shall apply throughout this Part B of this Circular.

B2. Information on the Memories Businesses

MM Myanmar is an investment holding company and was incorporated in Singapore on 23 December 2016. As at the Latest Practicable Date, the shareholders of MM Myanmar are the Vendors comprising YSIL, FMI and the Corporate Vendor who hold approximately 63.1%, 15.8% and 21.1% of the equity interests in MM Myanmar, respectively.

The details of the respective Memories Businesses as at the Latest Practicable Date are as follows:

2.1 BOB Business

The BOB Business, which comprises the ownership and management of the operations of "Balloons over Bagan" and "Balloons over Inle", is a hot-air balloon business operating in both Bagan and the Inle Lake region.

The BOB Business was started in 1999 in Bagan as one of the first commercial hot-air balloon operations in South East Asia, and has now become one of Myanmar's most iconic tourist attractions. The BOB Business expanded to the Inle Lake region in FY2016 and currently operates 12 balloons in Bagan and two (2) balloons in the Inle Lake region. Please refer to Section 5.2.1 of Part B of this Circular for more information on the BOB Business.

2.2 BL Business

It is contemplated that the BL Business will comprise a commercial and tourism-related hospitality development on the BL Land located in Nyaung U Township, Bagan, Myanmar, subject to obtaining the relevant regulatory approvals. The Memories Group is currently conducting feasibility studies on the development of the BL Land and has not commenced any construction or operations. Please refer to Section 5.2.1 of Part B of this Circular for more information on the BL Business.

2.3 DMC Business

The DMC Business comprises the ownership and management of the operations of a DMC operating under the name "Asia Holidays" which provides comprehensive tourism related services within Myanmar. It is located in Yangon, Myanmar and its clients primarily comprise travel agents and individuals. Please refer to Section 5.2.2 of Part B of this Circular for more information on the DMC Business.

2.4 HAL Business

The HAL Business comprises the ownership and management of the operations of Hpa An Lodge, a resort located on approximately 2.48 acres of land in Hpa An Township, Karen State, Myanmar. Hpa An Lodge is a 19 room rural boutique hotel located in the foothills of Mount Zwekabin in Karen State, Myanmar. Please refer to Section 5.2.3 of Part B of this Circular for more information on the HAL Business.

2.5 PHL Business

The PHL Business comprises the development, ownership, future operation and management of Pun Hlaing Lodge, which is a proposed hotel development currently under construction, situated on a 2.196 acre parcel of land located in Hlaing Thayar Township, Yangon, Myanmar, within the Pun Hlaing Estate. Upon completion of the development (currently contemplated to be FY2019), the Pun Hlaing Lodge will be a 46-room international-standard hotel with conference and corporate event facilities. Please refer to Section 5.2.3 of Part B of this Circular for more information on the PHL Business.

B3. Information on the Memories Group

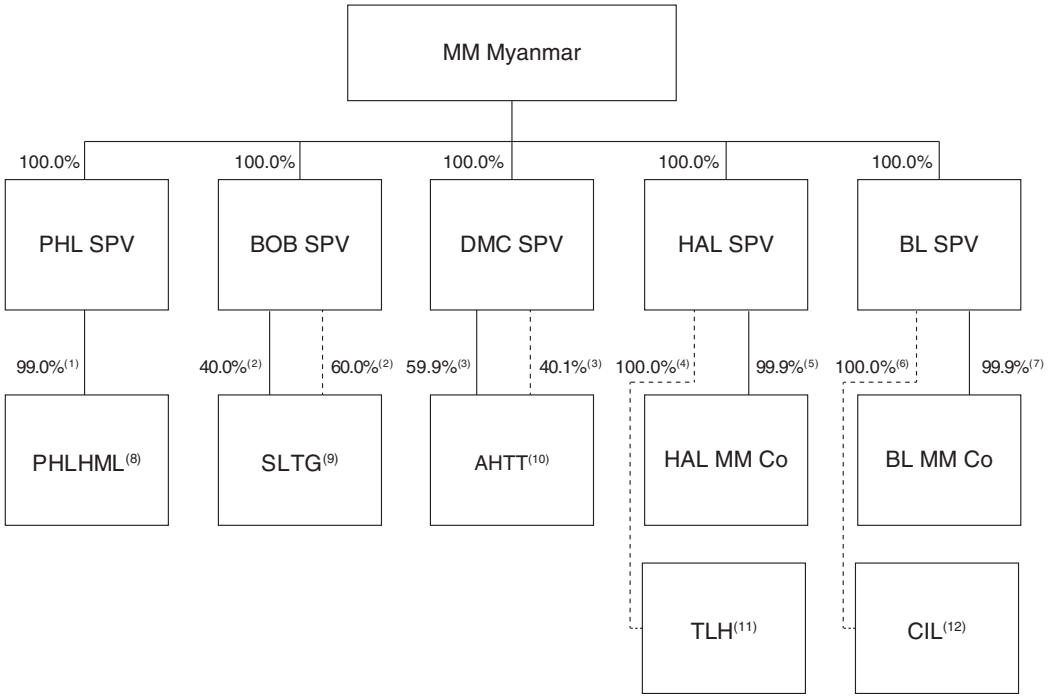
3.1 Background

MM Myanmar was incorporated in Singapore as a private limited company under the Companies Act on 23 December 2016. The principal activity of MM Myanmar is that of an investment holding company.

MM Myanmar's registered office and principal place of business is at 78 Shenton Way, #32-00, Singapore 079120. The telephone and facsimile numbers for MM Myanmar's registered office and principal place of business are (65) 6223 2262 and (65) 6223 1990 respectively.

3.2 Group Structure

The Memories Group's structure as at the Latest Practicable Date is as follows:



Notes:

(1) The remaining 1.0% equity interest of the issued share capital of PHLHML is held directly by MM Myanmar, to ensure that there is a minimum of two (2) shareholders for PHLHML as required under Myanmar law.

(2) BOB SPV holds the legal and beneficial ownership of 40.0% of the issued share capital of SLTG and holds Economic Interests in respect of the remaining 60.0% of the issued share capital of SLTG and certain powers and authority over such shares pursuant to the terms of the BOB POA. Please refer to Section 3.4.1(d)(iv) of Part B of this Circular for further details of the terms of the BOB POA.

(3) DMC SPV holds the legal and beneficial ownership of 59.9% of the issued share capital of AHTT and holds Economic Interests in respect of the remaining 40.1% of the issued share capital of AHTT and certain powers and authority over such shares pursuant to the terms of the DMC POA. Please refer to Section 3.4.1(g)(v) of Part B of this Circular for further details of the terms of the DMC POA.

(4) HAL SPV holds Economic Interests in respect of 100.0% of the issued share capital of TLH and certain powers of authority over such shares pursuant to the terms of the HAL POA, pending the Completion of HAL APA. Please refer to Section 3.4.1(f)(v) of Part B of this Circular for further details of the terms of the HAL POA. Pursuant to the HAL APA, HAL MM Co shall acquire the HAL Business and obtain the Long Term Lease in respect of the HAL Land.

(5) 0.1% of the issued share capital of HAL MM Co is held directly by MM Myanmar, to ensure that there is a minimum of two (2) shareholders for HAL MM Co as required under Myanmar law.

(6) BL SPV holds Economic Interests in respect of 100.0% of the issued share capital of CIL and certain powers of authority over such shares pursuant to the terms of the BL POA, pending the Completion of the BL APA. Please refer to Section 3.4.1(e)(v) of Part B of this Circular for further details of the terms of the BL POA. Pursuant to the BL APA, BL MM Co shall acquire the BL Business and obtain the Long Term Lease in respect of the BL Land.

(7) 0.1% of the issued share capital of BL MM Co is held directly by MM Myanmar, to ensure that there is a minimum of two (2) shareholders for BL MM Co as required under Myanmar law.

(8) The PHL Business, including the Long Term Lease of the PHL Land, is owned by PHLHML.

(9) The BOB Business (excluding the BOB Land which is used in connection with the BOB Business) is owned by SLTG.

(10) The DMC Business is owned by AHTT.

(11) The HAL Business, including the HAL Land, is owned by TLH.

(12) The BL Business, including the BL Land, is owned by CIL. The BOB Land is owned by CIL, assuming the proper vesting of ownership rights and interests in the BOB Land in CIL in accordance with Applicable Laws.

The details of the Memories Group Companies other than MM Myanmar as at the Latest Practicable Date are as follows:

Memories Group Company	**Date and place of incorporation**	**Principal business**	**Principal place of business**	**Issued and paid-up capital**	**% effective ownership by MM Myanmar**[1]	**Directors**[15]
SLTG	17 March 1999, Myanmar	BOB Business	The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	Kyat 216,000,000	100.0%[2]	Mr Serge Pun Mr Tun Tun Mr Michel Novatin Ms Le' Le' Win Ms Tin Winn Nge
BOB SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	S$25,066,860	100.0%[3]	Mr Serge Pun Mr Tun Tun Mr Michel Novatin
CIL	14 August 2013, Myanmar	BL Business (prior to the Completion of BL APA)	The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	Kyat 50,000,000	100.0%[4]	Mr Serge Pun Mr Tun Tun
BL MM Co	31 March 2017, Myanmar	BL Business (upon Completion of the BL APA)	The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	US$75,000[10]	100.0%[5]	Mr Michel Novatin JMR Ms Tin Winn Nge

Memories Group Company	Date and place of incorporation	Principal business	Principal place of business	Issued and paid-up capital	% effective ownership by MM Myanmar[1]	Directors[15]
BL SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	S$11,707,050	100.0%[6]	Mr Serge Pun Mr Tun Tun Mr Michel Novatin
AHTT	11 August 2000, Myanmar	DMC Business	The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	Kyat 501,000	100.0%[7]	JMR KTSS Ms Tin Winn Nge Mr Michel Novatin
DMC SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	S$8,384,738	100.0%[8]	Mr Serge Pun Mr Tun Tun Mr Michel Novatin
TLH	1 October 2013, Myanmar	HAL Business (prior to Completion of the HAL APA)	The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	Kyat 50,000,000	100.0%[9]	MMT Ms Tin Winn Nge Ms Win Win Nwe
HAL MM Co	31 March 2017, Myanmar	HAL Business (upon Completion of the HAL APA)	The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	US$25,000[10]	100.0%[11]	Mr Michel Novatin JMR Ms Tin Winn Nge
HAL SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	S$6,335,580	100.0%[12]	Mr Serge Pun Mr Tun Tun Mr Michel Novatin

Memories Group Company	Date and place of incorporation	Principal business	Principal place of business	Issued and paid-up capital	% effective ownership by MM Myanmar[1]	Directors[15]
PHLHML	29 August 2016, Myanmar	PHL Business	The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	US$3,130,000	100.0%[13]	Mr Serge Pun Mr Michel Novatin Mr Tun Tun Ms Tin Win Nge
PHL SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	S$18,200,000	100.0%[14]	Mr Serge Pun Mr Tun Tun Mr Michel Novatin

Notes:

(1) Apart from the legal and beneficial ownership of certain shares of the Asset Holding Companies pursuant to the POAs and the DOAs, the Memories Group has the Economic Interests and powers and authority over certain shares of the Asset Holding Companies in relation to the Memories Businesses. Therefore, MM Myanmar is considered to be exposed to, or has the rights to, variable returns from its involvement with the Asset Holding Companies, has the ability to affect returns through its power over the Asset Holding Companies and has the right to consolidate the Memories Businesses into its group accounts in accordance with SFRS 110.

(2) MM Myanmar has a deemed interest in 100.0% of the issued and paid-up shares of SLTG by virtue of BOB SPV's legal and beneficial ownership of 40.0% of the issued and paid-up shares of SLTG and BOB SPV's rights, through the BOB POA, to exercise certain powers and authority over the remaining 60.0% of the issued shares of SLTG in conjunction with its holding of Economic Interests in respect of such shares.

(3) MM Myanmar has a direct interest in 100.0% of the issued shares of BOB SPV.

(4) MM Myanmar has a deemed interest in 100.0% of the issued and paid-up shares of CIL by virtue of BL SPV's rights, through the BL POA, to exercise certain powers and authority over 100.0% of the issued and paid-up shares of CIL in conjunction with BL SPV's holding of Economic Interests in respect of such shares.

(5) MM Myanmar has a deemed interest in 100.0% of the issued and paid-up shares of BL MM Co by virtue of its direct interest of 0.1% in BL MM Co and BL SPV's direct interest in the remaining issued and paid-up shares of BL MM Co.

(6) MM Myanmar has a direct interest in 100.0% of the issued and paid-up shares of BL SPV.

(7) MM Myanmar has a deemed interest in 100.0% of the issued and paid-up shares of AHTT by virtue of DMC SPV's legal and beneficial ownership of 59.9% of the issued and paid-up shares of AHTT and DMC SPV's rights, through the DMC POA, to exercise certain powers and authority over the remaining 40.1% of the issued and paid-up shares of AHTT in conjunction with its holding of Economic Interests in respect of such shares.

(8) MM Myanmar has a direct interest in 100.0% of the issued and paid-up shares of DMC SPV.

(9) MM Myanmar has a deemed interest in 100.0% of the issued and paid-up shares of TLH by virtue of HAL SPV's rights, through the HAL POA, to exercise certain powers and authority over 100.0% of the issued and paid-up shares of TLH in conjunction with HAL SPV's holding of Economic Interests in respect of such shares.

(10) As at the date of this Circular, only US$25,000 of the registered capital of each of HAL MM Co and BL MM Co have been paid up. As required by the MIL rules, (i) an additional amount of US$50,000 of the registered capital of each of HAL MM Co and BL MM Co will be paid up upon obtaining the Relevant MIC Approvals and the registration of HAL MM Co and BL MM Co as foreign companies with the Relevant MIC Approvals; and (ii) an additional amount of US$75,000 shall be capitalised in each of HAL MM Co and BL MM Co within five (5) years from receiving the Relevant MIC Approvals.

(11) MM Myanmar has a deemed interest in 100.0% of the issued and paid-up shares of HAL MM Co by virtue of its direct interest of 0.1% in HAL MM Co and HAL SPV's direct interest of the remaining issued and paid-up shares of HAL MM Co.

(12) MM Myanmar has a direct interest in 100.0% of the issued and paid-up shares of HAL SPV.

(13) MM Myanmar has a deemed interest in 100.0% of the issued and paid-up shares of PHLHML by virtue of PHL SPV's ownership of 99.0% and MM Myanmar's direct ownership of 1.0% of the issued and paid-up shares of PHLHML.

(14) MM Myanmar has a direct interest in 100.0% of the issued and paid-up shares of PHL SPV.

(15) Ms Le' Le' Win, Ms Tin Winn Nge and Ms Win Win Nwe are appointed as nominees of the Memories Group on the respective boards. They are currently either employed by the YSH Group or the FMI Group.

3.3 Share Capital

As at the Latest Practicable Date, MM Myanmar's issued and paid-up share capital is S$69,694,228 comprising 69,694,228 ordinary shares. There are no other classes of shares in MM Myanmar's share capital. None of the shares of MM Myanmar are held by or on behalf of MM Myanmar, its subsidiaries and/or associated companies. As at the Latest Practicable Date, there is no undertaking to increase the capital of MM Myanmar.

The entire share capital of MM Myanmar (save for the initial shares subscription for S$2.00 at incorporation) has been paid for with assets other than cash pursuant to the Restructuring.

No dividends have been declared or paid in respect of the shares of MM Myanmar for any of the three (3) most recent completed FYs.

Save as disclosed below, there were no changes in the issued and paid-up capital of the Memories Group Companies within the three (3) years preceding the Latest Practicable Date:

Date of issue/change	Number of shares issued	Consideration	Purpose of issue/change	Resultant issued share capital	Parties to which shares were issued to
MM Myanmar					
23 December 2016	Two (2)	S$2.00	Initial shares subscription at incorporation	S$2.00	YSIL – one (1) share; FMI – one (1) share
17 August 2017	69,694,226	S$69,694,226	Being MM Myanmar Consideration Shares (including the PHLHML Target Consideration Shares) issued to the Vendors pursuant to the Restructuring	S$69,694,228	YSIL – 43,941,736 shares; FMI – 11,032,172 shares; Corporate Vendor – 14,720,318 shares
PHL SPV					
23 December 2016	One (1)	S$1.00	Initial shares subscription at incorporation	S$1.00	MM Myanmar
17 August 2017	18,199,999	S$18,199,999	Being shares issued to MM Myanmar pursuant to the MM Myanmar Shareholders Agreement	S$18,200,000	MM Myanmar
BOB SPV					
23 December 2016	One (1)	S$1.00	Initial shares subscription at incorporation	S$1.00	MM Myanmar
17 August 2017	25,066,859	S$25,066,859	Being shares issued to MM Myanmar pursuant to the MM Myanmar Shareholders Agreement	S$25,066,860	MM Myanmar

Date of issue/change	Number of shares issued	Consideration	Purpose of issue/change	Resultant issued share capital	Parties to which shares were issued to
BL SPV					
23 December 2016	One (1)	S$1.00	Initial shares subscription at incorporation	S$1.00	MM Myanmar
17 August 2017	11,707,049	S$11,707,049	Being shares issued to MM Myanmar pursuant to the MM Myanmar Shareholders Agreement	S$11,707,050	MM Myanmar
DMC SPV					
23 December 2016	One (1)	S$1.00	Initial shares subscription at incorporation	S$1.00	MM Myanmar
17 August 2017	8,384,737	S$8,384,737	Being shares issued to MM Myanmar pursuant to the MM Myanmar Shareholders Agreement	S$8,384,738	MM Myanmar
HAL SPV					
23 December 2016	One (1)	S$1.00	Initial shares subscription at incorporation	S$1.00	MM Myanmar
17 August 2017	6,335,579	S$6,335,579	Being shares issued to MM Myanmar pursuant to the MM Myanmar Shareholders Agreement	S$6,335,580	MM Myanmar
PHLHML					
29 September 2016	75,000	US$25,000	Initial shares subscription at incorporation	US$25,000	YDG – 74,250 shares, SPA Project Management – 750 shares
8 February 2017	3,055,000	US$3,055,000	Injection of capital	US$3,130,000	YDG – 3,024,450 shares, SPA Project Management – 30,550 shares

Date of issue/change	Number of shares issued	Consideration	Purpose of issue/change	Resultant issued share capital	Parties to which shares were issued to
SLTG					
30 March 2017	800	Kyat 80,000,000	Injection of capital	Kyat 100,000,000	YDGL – 600 shares YNL – 200 shares
31 March 2017	1160	Kyat 1,160,000,000	Injection of capital	Kyat 216,000,000	YDGL – 870 shares YNL – 290 shares
BL MM Co					
26 September 2017	25,000	US$25,000(1)	Injection of capital	US$25,000(1)	BL SPV – 24,975 shares MM Myanmar – 25 shares
HAL MM Co					
26 September 2017	25,000	US$25,000(1)	Injection of capital	US$25,000(1)	HAL SPV – 24,975 shares MM Myanmar – 25 shares

Note:

(1) As at the date of this Circular, only US$25,000 of the registered capital of each of HAL MM Co and BL MM Co have been paid up. As required by the MIL Rules, (i) an additional amount of US$50,000 of the registered capital of each of HAL MM Co and BL MM Co will be paid up upon obtaining the Relevant MIC Approvals and the registration of HAL MM Co and BL MM Co as foreign companies with the Relevant MIC Approvals; and (ii) an additional amount of US$75,000 shall be capitalised in each of HAL MM Co and BL MM Co within five (5) years from receiving the Relevant MIC Approvals.

Put Option

Mr Serge Pun and ACE PAO have entered into a put option deed on 19 September 2016 (as amended by a deed of amendment dated 16 December 2016) and pursuant to which Mr Serge Pun has agreed to purchase from ACE PAO, *inter alia*, any MM Myanmar shares which ACE PAO may be entitled to upon, at the relevant point in time, converting certain convertible loan notes issued by Investor Co to ACE PAO in connection with the Corporate Vendor Buyout Funding (the "**Put Option**"). The Put Option is exercisable by ACE PAO under certain specified circumstances, including certain milestones relating to the Proposed Acquisition not being met by 31 December 2017.

Save as disclosed in this Part B of this Circular:

(a) there has not been any public take-over offer by a third party, in respect of any of the shares of any company in the Memories Group or by any company in the Memories Group in respect of the shares of another corporation or the units of a business trust, which has occurred between the beginning of the most recent completed financial year and the Latest Practicable Date;

(b) to the extent known to the MM Myanmar Directors, MM Myanmar is not directly or indirectly owned or controlled, whether severally or jointly, by any person or government as at the Latest Practicable Date;

(c) as at the Latest Practicable Date, the MM Myanmar Directors are not aware of any arrangement, the operation of which may, at a subsequent date, result in a change in control of MM Myanmar; and

(d) as at the Latest Practicable Date, no option to subscribe for MM Myanmar's shares has been granted to, or was exercised by, any of its directors or CEO or any other person.

Significant Changes in Percentage of Ownership

Save as disclosed below, there were no significant changes in the percentage of ownership in the Memories Group Companies in the last three (3) years before the Latest Practicable Date:

Date of Transfer	Number of Shares Transferred	Transfer Price/ Consideration	Transferor	Parties to which shares were transferred to and the resulting percentage ownership
PHLHML				
17 August 2017	3,130,000	US$3,130,000	YDG, SPA Project Management	PHL SPV – 99.0% MM Myanmar – 1.0%
SLTG				
2 September 2016	50	Kyat 5,000,000	Ms Khin Ommar Win	YNL – 25.0%
17 August 2017	864	US$86,400 being the US$ equivalent of Kyat 86,400,000	YDGL, YNL	BOB SPV – 40.0%
AHTT				
17 August 2017	301	US$301 being the US$ equivalent of Kyat 301,000	JMR, APR	DMC SPV – 60.1%
22 September 2017	200	US$200 being the US$ equivalent of Kyat 200,000	KTSS	Tun Tun – 40.1%
22 September 2017	1	US$1.00 being the US$ equivalent of Kyat 1,000	DMC SPV	

3.4 Restructuring

The Memories Group's structure as at the Latest Practicable Date is set out in Section 3.2 of Part B of this Circular entitled "Group Structure".

Prior to the Latest Practicable Date, we undertook a restructuring exercise for the purposes of consolidating the following interests under MM Myanmar:

(a) the legal and beneficial ownership of 100.0% of the issued share capital of PHLHML that owns the PHL Business and the PHL Long Term Lease;

(b) the legal and beneficial ownership of 40.0% of the issued share capital of SLTG and all the Economic Interests in relation to the remaining 60.0% of the issued share capital of SLTG;

(c) the legal and beneficial ownership of 59.9% of the issued share capital of AHTT and all the Economic Interests in relation to the remaining 40.1% of the issued share capital of AHTT; and

(d) all of the Economic Interests in relation to the shares of CIL and TLH.

Pursuant to the HAL APA and BL APA, it is also contemplated that (i) subsequent to Completion of HAL APA, HAL MM Co will acquire the HAL Business and the Long Term Lease of the HAL Land from TLH; and (ii) subsequent to Completion of BL APA, BL MM Co will acquire the BL Business and the Long Term Lease of the BL Land from CIL.

Set out below are the transactions or steps that, pursuant to the Restructuring (i) were completed, entered into or taken (as the case may be) prior to the Latest Practicable Date; and (ii) are expected to be completed subsequent to Latest Practicable Date.

It has been contractually agreed as between the relevant parties that the consideration of the Relevant Value as stipulated in the various options to acquire shares, options to acquire land, HAL Land Grantee Undertaking and BOB Land Agreement shall be the minimum amount of consideration permitted under the Applicable Laws at the relevant time. For purposes of determining what the minimum amount of consideration is permitted under Applicable Laws at the relevant time, the Memories Group will, if necessary or required or relevant, rely on the recommendation or valuation assessment undertaken by the Myanmar authorities and/or engage a Myanmar legal adviser to advise on the relevant requirements under Myanmar laws and regulations.

3.4.1 Restructuring steps completed prior to the Latest Practicable Date

(a) Master Settlement and Investment Deed

The Master Settlement and Investment Deed was entered into by the Vendors, all of the relevant Registered Shareholders and MM Myanmar, *inter alia*: (a) for the purpose of obtaining the Vendors' agreement and undertakings for the

restructuring and consolidating of the Vendors' interests in the Memories Businesses under MM Myanmar pursuant to the Restructuring; (b) and for MM Myanmar to agree to issue and allot the MM Myanmar Consideration Shares to the Vendors as consideration for the Restructuring and for the purpose of obtaining the agreement and undertakings from the Registered Shareholders to implement and give effect to the Restructuring.

Amongst the agreements and undertakings obtained from the Registered Shareholders is an undertaking obtained from each of the Registered Shareholders to execute and deliver all such instruments, documents and declarations and do all such things to ensure that the SingCo SPVs will at all times be vested with and benefit from all rights and interests that they are supposed to have under the DOAs. In particular, each of the Registered Shareholders has agreed and undertaken, in respect of or in conjunction with the DOAs and subject to prevailing Applicable Laws:

(i) where so requested or required by the relevant SingCo SPVs, to: (a) appoint such person(s) (other than the SingCo SPVs) as the relevant SingCo SPVs may designate or nominate from time to time to be the attorney(s) under the POAs (the "Attorneys"), in addition to the SingCo SPVs, whether acting jointly or severally or jointly and severally; or (b) replace or substitute all and/or any Attorney(s) for the time being named in the POAs and to enter into supplemental POAs to give effect to such additions or replacements or substitutions; and

(ii) not to change the Attorneys under the POAs or otherwise revoke, or terminate the POAs, save as otherwise expressly requested or required by the SingCo SPVs.

As at the Latest Practicable Date, apart from the respective SingCo SPVs, the other Attorney appointed under each of the POAs is Mr Serge Pun as nominated by the respective SingCo SPVs.

(b) Incorporation of MM Myanmar

MM Myanmar was incorporated on 23 December 2016 with an issued share capital of S$2.00, comprising two (2) shares which were held in equal proportion by YSIL and FMI. On 17 August 2017, the Corporate Vendor was issued 14,720,318 shares and YSIL and FMI were issued a further 43,941,736 shares and 11,032,172 shares in MM Myanmar respectively. As at the Latest Practicable Date, the Vendors collectively hold 100.0% of the issued share capital of MM Myanmar (including the MM Myanmar Consideration Shares issued to the Vendors in conjunction with the Restructuring).

Part of the MM Myanmar Consideration Shares, namely 4,382,000 shares, issued to the Vendors comprise the relevant MM Myanmar Consideration Shares which were supposed to have been allotted and issued to the Original PHLHML Registered Shareholders in settlement and satisfaction of the consideration due to them under the PHLHML SPA, and which they had directed to be allotted and issued to YSIL.

As at the Latest Practicable Date, MM Myanmar is the holding company of the Memories Group which in turn owns or holds the Memories Businesses.

(c) Restructuring in respect of the PHL Business prior to the Latest Practicable Date

(i) Incorporation of PHL SPV by MM Myanmar

PHL SPV was incorporated by MM Myanmar on 23 December 2016. PHL SPV is the intermediate holding company holding the relevant interest in the PHL Business. As at the Latest Practicable Date, PHL SPV is a wholly-owned subsidiary of MM Myanmar.

(ii) Assignment of ACTA

In relation to the Assignment of ACTA, the Original PHLHML Registered Shareholders entered into a deed of assignment dated 19 November 2017 ("**Deed of Assignment of ACTA**") pursuant to which the Original PHLHML Registered Shareholders assigned (at nominal consideration payable to them) all their rights arising under the ACTA (including the ACTA Amounts to be capitalised by way of further issues of shares in PHLHML) to PHL SPV and MM Myanmar, such assignment to be effective from Completion of the Proposed Acquisition. Accordingly as at the date of this Circular there is no amount owing by PHLHML to the Original PHLHML Registered Shareholders and PHL SPV are entitled to the ACTA Amounts to be capitalised by way of further issues of shares in PHLHML.

(iii) Entry and Completion of PHLHML SPA and issuance of MM Myanmar Consideration Shares to the PHL Vendor

MM Myanmar, PHL SPV and the Original PHLHML Registered Shareholders entered into the PHLHML SPA on 17 August 2017, pursuant to which PHL SPV and MM Myanmar acquired legal and beneficial ownership of 99.0% and 1.0% respectively of the shares of PHLHML from the Original PHLHML Registered Shareholders on 17 August 2017 ("**Completion of PHLHML SPA**"). The purchase consideration of US$3,130,000 due to the Original PHLHML Registered Shareholders under the PHLHML SPA was settled and satisfied through the allotment and issue of 4,382,000 PHLHML Target Consideration Shares at the issue price of approximately US$0.71 per PHLHML Target Consideration Share by MM Myanmar to YSIL at the direction of the Original PHLHML Registered Shareholders. The consideration under the PHLHML SPA was determined based on the paid-up share capital of PHLHML.

Upon the Completion of PHLHML SPA, YSIL was also allotted and issued an additional 13,817,999 MM Myanmar Consideration Shares in consideration of YSIL contributing its interests in the PHL Business to the Memories Group pursuant to the Restructuring.

(iv) Entry of Option to acquire PHL Land

In consideration of PHLHML committing to extend or renew the Long Term Lease on the same terms as the Long Term Lease (including the payment of rent at Relevant Value) to the fullest extent permitted under the Applicable Laws, the Option to acquire PHL Land was granted by PHL in favour of PHLHML on 20 November 2017 to transfer the Residual Interest of the PHL Land to PHLHML for a Relevant Value as and when the prevailing Applicable Laws permit such transfer, and further undertakings were granted by PHL in favour of PHLHML not to sell, dispose or encumber such interest in the PHL Land pending such transfer to PHLHML, and to extend or renew the Long Term Lease, or grant subsequent new Long Term Leases in relation to the PHL Land in favour of PHLHML (on each occasion, to the fullest extent permitted under the Applicable Laws) for a Relevant Value. Other than the payment of consideration at Relevant Value, there are no other amounts payable by PHLHML to PHL upon the exercise of this Option. There are no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised or upon cessation of PHL's interest in the PHL Land.

Under prevailing Applicable Laws, the Memories Group is restricted from owning any interest in the PHL Land over and above the Long Term Lease granted in respect of the PHL Land, and hence the Option to acquire PHL Land gives the Memories Group the right to acquire the Residual Interest in the PHL Land if and when permitted under prevailing Applicable Laws. Please refer to Section 13 of Part B of this Circular entitled "Regulations Overview" for further details of such restrictions.

As at the Latest Practicable Date, PHL is a member of the YSH Group.

(v) Entry of Option to acquire PHL Shares

In consideration of an option fee amounting to the nominal value of all of the shares of PHL as at the date of the Option, the Option to acquire PHL Shares was granted by the PHL Registered Shareholders in favour of PHL SPV on 20 November 2017, for PHL SPV to acquire all of the shares of PHL for a Relevant Value as and when the prevailing Applicable Laws permit such transfer, and further undertakings not to sell, dispose or encumber such shares pending such transfer to PHL SPV. Other than the payment of consideration at Relevant Value, there are no other amounts payable by PHL SPV to the PHL Registered Shareholders upon its exercise. There are no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

Under prevailing Applicable Laws, the Memories Group is restricted from having any ownership or control of PHL which is a land-holding company, and hence the Option to acquire PHL Shares gives the Memories Group the right to acquire such shares if and when permitted under prevailing Applicable Laws.

Please refer to Section 13 of Part B of this Circular entitled "Regulations Overview" for further details of such restrictions.

(vi) Entry of Release and Discharge by Registered Shareholders (PHL)

PHLHML, PHL, PHL SPV and each of the Registered Shareholders of PHL entered into the Release and Discharge by Registered Shareholders (PHL), pursuant to which each PHL Registered Shareholder, *inter alia*, releases and discharges PHL and the PHL Business from any claims relating to PHL Land or the assets or business of the PHL Business on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar and were not entered into based on normal commercial terms.

(vii) Entry of Release and Discharge by Vendors (PHL)

PHLHML, PHL SPV and the PHL Vendor entered into the Release and Discharge by Vendors (PHL), pursuant to which the PHL Vendor, *inter alia*, releases and discharges PHL SPV, PHLHML and the PHL Business from any claims relating to the shares of PHLHML (and the Economic Interests in relation thereto), the PHL Land or the assets or business of the PHL Business on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and was not entered into based on normal commercial terms.

(d) Restructuring in respect of the BOB Business prior to the Latest Practicable Date

(i) Incorporation of BOB SPV by MM Myanmar

BOB SPV was incorporated by MM Myanmar on 23 December 2016. BOB SPV is the intermediate holding company holding the relevant interest in the BOB Business. As at the Latest Practicable Date, BOB SPV is a wholly-owned subsidiary of MM Myanmar.

(ii) Entry and Completion of BOB SPA

BOB SPV and the Original SLTG Registered Shareholders entered into the BOB SPA on 17 August 2017, pursuant to which BOB SPV acquired legal and beneficial ownership of 40.0% of the shares of SLTG from the Original SLTG Registered Shareholders on 17 August 2017

("**Completion of BOB SPA**") for a purchase consideration of US$86,400 (i.e. US$1,000 per share). The purchase consideration under the BOB SPA was determined based on the par value of 40.0% of the shares of SLTG.

Pursuant to the MM Myanmar Shareholders Agreement, YSIL and FMI have agreed that any consideration payable to the Original SLTG Registered Shareholders under the BOB SPA shall be borne by each of YSIL and FMI in the respective proportion of their interests in SLTG in consideration for the MM Myanmar Consideration Shares received by each of them in respect of the BOB Business.

Further to the Completion of BOB SPA, SLTG has obtained shareholders' approval for the amendment of its articles of association to provide that all matters which are required under Applicable Laws to be approved by the passing of shareholders' resolutions or otherwise approved by shareholders in a shareholders' meeting (such as appointment of new directors, change of principal business etc) shall not be passed or approved without the prior approval of all shareholders.

(iii) Entry of BOB DOA

BOB SPV and YDGL entered into the BOB DOA on 17 August 2017 in conjunction with the entry of the BOB SPA. Pursuant to the entry of the BOB DOA, BOB SPV acquired (by way of assignment) the Economic Interest in respect of the remaining 60.0% shares of SLTG held by YDGL. The BOB DOA excludes any assignment of any rights of ownership or control in the 60.0% shares of SLTG held by YDGL which are the subject of the BOB DOA.

(iv) Entry of BOB POA

The BOB POA was granted by YDGL in favour of BOB SPV and Mr Serge Pun on 17 August 2017.

Under the BOB POA, BOB SPV and Mr Serge Pun have been granted the power and authority to act jointly and severally as attorneys of YDGL, *inter alia*:

(1) to do and perform any and all acts and things pertaining to the exercise of YDGL's rights as the lawful holder of the remaining 60.0% shares of SLTG which are the subject of the BOB DOA, with full power and authority to exercise all rights and powers, to sign, execute and deliver (as a deed or otherwise) all agreements, documents, forms and assurances, and to provide such authorisations and consents which YDGL would have been entitled to do, perform, exercise and provide as the lawful holder of such shares; and

(2) to receive and give receipts and discharges for all economic, financial and monetary entitlements accruing or arising from the remaining 60.0% shares of SLTG (which are the subject of the BOB

DOA). Such economic, financial and monetary entitlements which are payable to YDGL, including in respect of dividends and other distributions (whether in cash or in kind) or any return of capital or contribution that may be made in relation to or which may be otherwise attributable to such shares.

The BOB POA took effect immediately upon the execution thereof, and is in force and effect as at the Latest Practicable Date. As the BOB POA was given by YDGL in conjunction with the BOB DOA, the powers being granted thereunder are deemed or construed as powers granted coupled with an interest of the relevant attorney(s), and, as stated in the BOB POA, cannot be revoked by the grantor(s) for so long as such interest subsist. Save for the foregoing, there are no clauses or conditions in the BOB POA which provide for revocation, termination or dispute of the BOB POA by any parties.

(v) Entry of Option to acquire SLTG Shares

In consideration of an option fee amounting to the nominal value of the remaining 60.0% shares of SLTG held by YDGL as at the date of the Option, the Option to acquire SLTG Shares was granted by YDGL in favour of BOB SPV on 20 November 2017, for BOB SPV to acquire the remaining 60.0% shares of SLTG held by YDGL for a Relevant Value as and when the prevailing Applicable Laws permits such transfer, and further undertakings not to sell, dispose or encumber such shares pending such transfer to BOB SPV. Other than the payment of consideration at the Relevant Value, there are no other amounts payable by BOB SPV to YDGL upon the exercise of this Option. There are no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

(vi) Entry of BOB Land Agreement

An agreement in relation to the BOB Land was entered into between SLTG, CIL and DKOW on 29 August 2017 ("**BOB Land Agreement**").

Under the BOB Land Agreement:

(1) SLTG has agreed to transfer and/or vest, or procure the transfer and/or vesting of (as the case may be), all legal and beneficial interest in the 4 Plots of BOB Land (which is currently held by DKOW on behalf of SLTG) and the 5 Plots of BOB Land to CIL where SLTG and CIL have agreed that amounts owing by CIL to SLTG for the transfer of the BOB Land shall be entirely (or to such other extent as agreed in writing between SLTG and CIL) set off against the amounts owing by SLTG for the Long Term Leases of the BOB Land, the Short Term Leases of the BOB Land and the Option to acquire the BOB Land; and

(2) CIL has agreed to grant the Short Term Leases of the BOB Land to SLTG pending the obtaining of the MIC Endorsement for the Long Term Leases of the BOB Land. In the event that such MIC Endorsement for the Long Term Leases of the BOB Land is not

obtained, CIL will continue to grant the Short Term Leases of the BOB Land to SLTG, and extend or renew such lease or grant subsequent new Short Term Lease(s) in relation to the BOB Land in favour of SLTG on terms acceptable to SLTG.

As the 4 Plots of BOB Land are currently held in the name of DKOW on behalf of SLTG, under the BOB Land Agreement, DKOW has also agreed to perform all further acts and things and execute and deliver such further documents, as may be necessary or required by Applicable Laws and/or SLTG, *inter alia*: (i) to obtain the necessary Approvals for SLTG to use the 4 Plots of BOB Land for all purposes contemplated under or in connection with the BOB Business; and (ii) to secure ownership in favour of CIL and procure CIL to grant a Long Term Lease of the 4 Plots of BOB Land in favour of SLTG for Relevant Value and subject to such terms and conditions satisfactory to the Company. The holding of the 4 Plots of BOB Land by DKOW on behalf of SLTG was in part a historical arrangement entered into prior to the YSH Group's acquisition of an interest in SLTG and in part due to the 4 Plots of BOB Land being classified as farmland subject to existing land permits issued in favour of DKOW (which are not land grants and accordingly do not confer any ownership rights or interests, and are incapable of transfer or sale). Please refer to Section 5.16.1 of Part B of this Circular entitled "Properties related to the BOB Business – 4 Plots of BOB Land" for further details on the implications of the holding of the 4 Plots of BOB Land by DKOW on behalf of SLTG.

(vii) Issue of MM Myanmar Consideration Shares to the BOB Vendors

In consideration of YSIL and FMI contributing their interests in the BOB Business to the Memories Group pursuant to the Restructuring, 25,066,860 MM Myanmar Consideration Shares were allotted and issued by MM Myanmar to YSIL and FMI.

(viii) Entry of Release and Discharge by Previous Interest Holders (BOB)

SLTG, BOB SPV and CHPL entered into the Release and Discharge by Previous Interest Holders (BOB), pursuant to which CHPL, *inter alia*, releases and discharges SLTG from any claims relating to the shares of SLTG (and the Economic Interests in relation thereto), the BOB Land or the assets or business of SLTG on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purposes of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(ix) Entry of Release and Discharge by Registered Shareholders (BOB)

SLTG, BOB SPV, and each of the Original SLTG Registered Shareholders entered into the Release and Discharge by Registered Shareholders (BOB), pursuant to which each Original SLTG Registered Shareholder, *inter alia*, releases and discharges SLTG and the BOB Business from any claims relating to the shares of SLTG (and the Economic Interests in relation thereto), the BOB Land or the assets or business of SLTG on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(x) Entry of Release and Discharge by Vendors (BOB)

SLTG, BOB SPV and the BOB Vendors entered into the Release and Discharge by Vendors (BOB), pursuant to which each of the BOB Vendors, *inter alia*, releases and discharges SLTG and the BOB Business from any claims relating to the shares of SLTG (and the Economic Interests in relation thereto), the BOB Land or the assets or business of SLTG on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(e) Restructuring in respect of the BL Business prior to the Latest Practicable Date

(i) Incorporation of BL SPV by MM Myanmar

BL SPV was incorporated by MM Myanmar on 23 December 2016. BL SPV is the intermediate holding company holding the relevant interest in the BL Business.

As at the Latest Practicable Date, BL SPV is a wholly-owned subsidiary of MM Myanmar.

(ii) Incorporation of BL MM Co by BL SPV and MM Myanmar

BL MM Co was incorporated by BL SPV and MM Myanmar on 31 March 2017. The issued share capital of BL MM Co as at the Latest Practicable Date is US$25,000. Please refer to Section 3.3 of Part B of this Circular for further details on the share capital of BL MM Co. BL MM Co will be obtaining the Long Term Lease of the BL Land and acquiring the BL Business from CIL on Completion of the BL APA.

(iii) Entry of BL APA

CIL, BL MM Co and BL SPV entered into the BL APA on 17 August 2017 for the sale and transfer of the BL Business and the grant of the Long Term Lease of the BL Land in favour of BL MM Co for an aggregate consideration of US$1.00, payable on completion of the BL APA ("**Completion of BL APA**"). The consideration under the BL APA was determined taking into account the negative book value of the BL Business based on the audited financial statements of CIL for FY2016 and BL MM Co's consent to accept and assume all such liabilities of CIL to be determined by BL SPV.

As at the Latest Practicable Date, the Completion of the BL APA is subject to and conditional upon, *inter alia*, the MIC Endorsement of the investment activity of BL SPV and the Long Term Lease in respect of the BL Land or the MIC Permit for BL SPV's investment in the BL Business (as the case may be) being obtained. It is not possible to conclusively determine at this juncture whether foreign ownership of the BL Business is permitted subject only to the MIC Endorsement being obtained for the investment activity of BL SPV and the Long Term Lease of the BL Land, whether an MIC Permit is required for BL SPV's investment in the BL Business and/or whether the BL Business may fall under one of the categories of restricted investments for which a joint venture is required under the MIL/MIL Rules. Please refer to Section 2.11 of Part A of this Circular for further details of the reasons for the same.

(iv) Entry of BL DOA

BL SPV and the CIL Registered Shareholders entered into the BL DOA on 17 August 2017. The BL DOA was given by the CIL Registered Shareholders in conjunction with the BL APA. Pursuant to the Entry of the BL DOA, BL SPV acquired (by way of assignment) the Economic Interest in respect of 100.0% of the shares of CIL held by the CIL Registered Shareholders. The BL DOA excludes any assignment of any rights of ownership or control in 100.0% of the shares of CIL held by the CIL Registered Shareholders, which are the subject of the BL DOA.

The BL DOA is otherwise similar in terms to the BOB DOA.

(v) Entry of BL POA

The BL POA was granted by the CIL Registered Shareholders in favour of BL SPV and Mr Serge Pun on 17 August 2017.

Under the BL POA, BL SPV and Mr Serge Pun have been granted the power and authority to act jointly and severally as attorneys of the CIL Registered Shareholders, *inter alia*:

(1) to do and perform any and all acts and things pertaining to the exercise of the CIL Registered Shareholders' rights as the lawful

holder of 100.0% of the shares of CIL which are subject to the BL DOA, with full power and authority to exercise all rights and powers, to sign, execute and deliver (as a deed or otherwise) all agreements, documents, forms and assurances, and to provide such authorisations and consents which the CIL Registered Shareholders would have been entitled to do, perform, exercise and provide as the lawful holder of such shares; and

(2) to receive and give receipts and discharges for all economic, financial and monetary entitlements accruing or arising from 100.0% of the shares of CIL (which are the subject of the BL DOA). Such economic, financial and monetary entitlements are payable to the CIL Registered Shareholders, including in respect of dividends and other distributions (whether in cash or in kind) or any return of capital or contribution that may be made in relation to or which may be otherwise attributable to such shares.

The BL POA took effect immediately upon the execution thereof, and is in force and effect as at the Latest Practicable Date. As the BL POA was given by the CIL Registered Shareholders in conjunction with the BL DOA, the powers being granted thereunder are deemed or construed as powers granted coupled with an interest of the relevant attorney(s), and, as stated in the BL POA, cannot be revoked by the grantor(s) for so long as such interests subsist. Save for the foregoing, there are no clauses or conditions in the BL POA which provide for revocation, termination or dispute of the BL POA by any parties.

The BL POA is otherwise similar in terms to the BOB POA.

(vi) Entry of the CIL Undertaking

An undertaking was granted by CIL and the CIL Registered Shareholders in favour of MM Myanmar and BL SPV on 29 August 2017 ("**CIL Undertaking**").

Under the CIL Undertaking, CIL and the CIL Registered Shareholders undertook in favour of MM Myanmar and/or BL SPV, to perform (or procure the performance of) all further acts and things and execute and deliver (or procure the execution and delivery of) such further documents, as may be necessary or required by Applicable Laws and/or MM Myanmar and/or BL SPV for purposes of, *inter alia*, the successful implementation of the BL Business.

(vii) Issue of MM Myanmar Consideration Shares to the BL Vendors

In consideration of YSIL and FMI contributing their interests in the BL Business to the Memories Group pursuant to the Restructuring, 11,707,050 MM Myanmar Consideration Shares were allotted and issued by MM Myanmar to YSIL and FMI.

(viii) Entry of Release and Discharge by Previous Interest Holders (BL)

CIL, BL MM Co, BL SPV and CHPL entered into the Release and Discharge by the Previous Interest Holders (BL), pursuant to which CHPL, *inter alia*, releases and discharges CIL and the BL Business from any claims relating to shares of CIL (and the Economic Interests in relation thereto), the BL Land or the assets or business of CIL on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and was not entered into based on normal commercial terms.

(ix) Entry of Release and Discharge by Registered Shareholders (BL)

CIL, BL MM Co, BL SPV, and the CIL Registered Shareholders entered into the Release and Discharge by Registered Shareholders (BL), pursuant to which each CIL Registered Shareholder, *inter alia*, releases and discharges CIL and the BL Business from any claims relating to the shares of CIL (and the Economic Interests in relation thereto), the BL Land or the assets or business of CIL on the terms set out therein. No consideration was payable by the Memories Group under these deeds as these deeds were agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(x) Entry of Release and Discharge by Vendors (BL)

CIL, BL MM Co, BL SPV and the BL Vendors entered into the Release and Discharge by Vendors (BL), pursuant to which each of the BL Vendors, *inter alia*, releases and discharges CIL and the BL Business from any claims relating to the shares of CIL (and the Economic Interests in relation thereto), the BL Land or the assets or business of CIL on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(xi) Assignment of CIL Liabilities

BL SPV entered into a deed of assignment with CHPL on 19 November 2017 ("**Deed of Assignment of CIL Liabilities**") pursuant to which BL SPV will be assigned CIL Liabilities amounting to US$6,398,526 and Kyat 226,000,000, such assignment to be effective from Completion of the Proposed Acquisition.

(f) Restructuring in respect of the HAL Business prior to the Latest Practicable Date

(i) Incorporation of HAL SPV by MM Myanmar

HAL SPV was incorporated by MM Myanmar on 23 December 2016 with an issued share capital of S$1.00. HAL SPV is the immediate holding company holding the relevant interests in the HAL Business. As at the Latest Practicable Date, HAL SPV is a wholly-owned subsidiary of MM Myanmar.

(ii) Incorporation of HAL MM Co by HAL SPV and MM Myanmar

HAL MM Co was incorporated by HAL SPV and MM Myanmar on 31 March 2017. The issued share capital of HAL MM Co as at the Latest Practicable Date is US$25,000. Please refer to Section 3.3 of Part B of this Circular for further details on the share capital of HAL MM Co. HAL MM Co will be obtaining the Long Term Lease of the HAL Land and acquiring the HAL Business from TLH on Completion of the HAL APA.

(iii) Entry of HAL APA

TLH, HAL MM Co, HAL SPV and MMT entered into the HAL APA on 17 August 2017 for the sale and transfer of the HAL Business and the grant of the Long Term Lease of the HAL Land in favour of HAL MM Co for an aggregate consideration of US$1.00, payable on completion of the HAL APA ("**Completion of HAL APA**"). The consideration under the HAL APA was determined taking into consideration the negative book value of the HAL Business based on the audited financial statements of TLH for FY2016 and HAL MM Co's consent to accept and assume all such liabilities of TLH to be determined by HAL SPV.

As at the Latest Practicable Date, the Completion of HAL APA is subject to and conditional upon, *inter alia*, the MIC Endorsement of the Long Term Lease in respect of the HAL Land being obtained. The application for MIC Endorsement of the Long Term Lease in respect of the HAL Land was submitted in June 2017 and it is currently contemplated that the MIC Endorsement will be obtained after the Completion of the Proposed Acquisition.

(iv) Entry of HAL DOA

HAL SPV and the TLH Registered Shareholders entered into the HAL DOA on 17 August 2017. Pursuant to the entry of the HAL DOA, HAL SPV acquired (by way of assignment) the Economic Interest in respect of 100.0% of the shares of TLH held by the TLH Registered Shareholders. The HAL DOA excludes any assignment of any rights of ownership or control in 100.0% of the shares of TLH held by the TLH Registered Shareholders which are the subject of the HAL DOA.

The HAL DOA is otherwise similar in terms to the BOB DOA.

(v) Entry of HAL POA

The HAL POA was granted by the TLH Registered Shareholders in favour of HAL SPV and Mr Serge Pun on 17 August 2017.

Under the HAL POA, HAL SPV and Mr Serge Pun have been granted the power and authority to act jointly and severally as attorneys of the TLH Registered Shareholders, *inter alia*:

(1) to do and perform any and all acts and things pertaining to the exercise of the TLH Registered Shareholders' rights as the lawful holder of 100.0% of the shares of TLH which are subject to the HAL DOA, with full power and authority to exercise all rights and powers, to sign, execute and deliver (as a deed or otherwise) all agreements, documents, forms and assurances, and to provide such authorisations and consents which the TLH Registered Shareholders would have been entitled to do, perform, exercise and provide as the lawful holder of such shares; and

(2) to receive and give receipts and discharges for all economic, financial and monetary entitlements accruing or arising from 100.0% of the shares of TLH (which are the subject of the HAL DOA). Such economic, financial and monetary entitlements are payable to the TLH Registered Shareholders, including in respect of dividends and other distributions (whether in cash or in kind) or any return of capital or contribution that may be made in relation to or which may be otherwise attributable to such shares.

The HAL POA took effect immediately upon the execution thereof, and is in force and effect as at the Latest Practicable Date. As the HAL POA was given by the TLH Registered Shareholders in conjunction with the HAL DOA, the powers being granted thereunder are deemed or construed as powers granted coupled with an interest of the relevant attorney(s), and, as stated in the HAL POA, cannot be revoked by the grantor(s) for so long as such interests subsist. Save for the foregoing, there are no clauses or conditions in the HAL POA which provide for revocation, termination or dispute of the HAL POA by any parties.

The HAL POA is otherwise similar in terms to the BOB POA.

(vi) Entry of the HAL Business Declaration of Trust

MMT had on 14 February 2017 issued a declaration confirming and declaring that he holds the HAL Business for and on behalf of TLH ("**HAL Business Declaration of Trus**t").

(vii) Entry of the HAL Land Grantee Undertaking

An irrevocable undertaking was granted by MMT in favour of TLH, HAL SPV and HAL MM Co on 30 August 2017 ("**HAL Land Grantee Undertaking**").

Under the HAL Land Grantee Undertaking, MMT acknowledged that he holds all rights, title, and interests in and to the HAL Land (whether past, present or future) in his name for and on behalf of TLH and agreed to:

(1) transfer all rights, title, and interests in and to the HAL Land to, or to otherwise vest all rights, title, and interests in the HAL Land to, TLH either at nil consideration or to waive the consideration for the transfer, execute, deliver, stamp and register all such other agreements or documents in form and substance satisfactory to and as required by TLH to evidence or establish TLH's ownerships of the HAL Land which is capable of enforcement in Myanmar;

(2) in the event that the MIC Endorsement for the HAL Land and Completion of the HAL APA precede the completion of the transfer of the HAL Land to TLH:

(A) maintain in good standing a land grant or lease in his own name of a tenure of not less than 10 years;

(B) grant a Long Term Lease in respect of the HAL Land in favour of HAL MM Co for a tenure equivalent to that which MMT holds or is able to obtain over the HAL Land from time to time; and

(C) novate and transfer such Long Term Lease in respect of the HAL Land granted if and when the HAL Land is transferred to TLH such that the said Long Term Lease of the HAL Land in respect of the HAL Land is granted by TLH to HAL MM Co directly;

(3) in the event that TLH or HAL MM Co (as the case may be) is not able to use the Land Use Discrepancy Areas for the HAL Business for any reason, grant TLH or HAL MM Co (as the case may be) the right to lawfully and exclusively use and occupy such portion of the adjoining plot of land to the HAL Land owned by MMT which does not comprise the HAL Land that is equivalent to the size of the Land Use Discrepancy Areas;

(4) perform all further acts and things and execute and deliver such further documents to:

(A) obtain the necessary Approvals for TLH to use the HAL Land and Land Use Discrepancy Areas for the HAL Business; and

(B) to secure Grant Land Status or ownership of the HAL Land and the Land Use Discrepancy Areas in favour of TLH for Relevant Value (i) provided that if this is untenable notwithstanding best efforts exerted by MMT, then a land grant or lease of such tenure of not less than 10 years in favour of TLH, and (ii) provided further that if the aforesaid is still untenable notwithstanding best efforts exerted by MMT, to procure that MMT maintains in good standing a land grant or lease in his own name of a tenure of not less than 10 years and to secure a direct lease from MMT of the HAL Land and Land Use Discrepancy Areas in favour of HAL MM Co for a tenure equivalent to that which MMT holds or is able to obtain over the HAL Land and Land Use Discrepancy Areas to be obtained through the exertion of best efforts MMT acting on the reasonable directions of HAL SPV (provided that the tenure must not at any time be less than 10 years); provided that in relation to the Land Use Discrepancy Areas this sub-paragraph (4) (ii) shall only be provided on a best efforts basis to the extent that the Land Use Discrepancy Areas are not owned by MMT, and MMT is unable to obtain any rights, title, or interests in the Land Use Discrepancy Areas not owned by him.

(viii) Issue of MM Myanmar Consideration Shares to Corporate Vendor

In consideration of the Corporate Vendor contributing its interests in the HAL Business to the Memories Group pursuant to the Restructuring, 6,335,580 MM Myanmar Consideration Shares were allotted and issued by MM Myanmar to the Corporate Vendor.

(ix) Entry of Release and Discharge by Previous Interest Holders (HAL)

TLH, the Corporate Vendor and each of the Previous Interest Holders of TLH entered into the Release and Discharge by Previous Interest Holders (HAL), pursuant to which each Previous Interest Holder, *inter alia*, releases and discharges TLH and the HAL Business from any claims relating to the shares of TLH (and the Economic Interests in relation thereto), the HAL Land or assets or business of TLH on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(x) Entry of Release and Discharge by Registered Shareholders (HAL)

TLH, HAL MM Co, HAL SPV and each of the TLH Registered Shareholders entered into the Release and Discharge by Registered Shareholders (HAL), pursuant to which each TLH Registered Shareholder, *inter alia*, releases and discharges TLH and the HAL

Business from any claims relating to shares of TLH (and the Economic Interests in relation thereto) the HAL Land or the assets or business of TLH on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(xi) Entry of Release and Discharge by Vendors (HAL)

TLH, HAL MM Co, HAL SPV and the Corporate Vendor entered into the Release and Discharge by Vendors (HAL), pursuant to which the Corporate Vendor, *inter alia*, releases and discharges TLH and the HAL Business from any claims relating to shares of TLH (and the Economic Interests in relation thereto), the HAL Land or the assets or business of TLH on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and was not entered into based on normal commercial terms.

(xii) Assignment of TLH Liabilities

HAL SPV entered into a deed of assignment with MMT on 19 November 2017 ("**Deed of Assignment of TLH Liabilities**") pursuant to which HAL SPV was assigned, *inter alia*, a loan previously made by MMT to TLH and the amount owing by TLH to MMT for the transfer of the HAL Land by MMT to HAL, as further elaborated in section 5.16.4 of Part B of this Circular (collectively the "**TLH Liabilities**"), with such assignment to be effective from Completion of the Proposed Acquisition.

(g) Restructuring in respect of the DMC Business prior to the Latest Practicable Date

(i) Incorporation of DMC SPV by MM Myanmar

DMC SPV was incorporated by MM Myanmar on 23 December 2016 with an issued share capital of S$1.00. DMC SPV is the intermediate holding company holding the relevant interest in the DMC Business. As at the Latest Practicable Date, DMC SPV is a wholly-owned subsidiary of MM Myanmar.

(ii) Entry and Completion of DMC SPA

DMC SPV and the Original AHTT Registered Shareholders entered into the DMC SPA on 17 August 2017 pursuant to which DMC SPV acquired legal and beneficial ownership of 301 shares representing approximately 60.1% of the shares of AHTT from the Original AHTT Registered Shareholders on 17 August 2017 ("**Completion of DMC**

SPA") for a purchase consideration of US$301. The consideration under the DMC SPA was determined based on the par value of the 60.1% of the shares of AHTT.

Pursuant to the MM Myanmar Shareholders Agreement, the Corporate Vendor has agreed that any consideration payable to the Original AHTT Registered Shareholders under the DMC SPA shall be borne by the Corporate Vendor in consideration for the MM Myanmar Consideration Shares received by the Corporate Vendor in respect of the DMC Business.

(iii) Transfer of Shares to Mr Tun Tun

On 22 September 2017, KTSS transferred 200 shares in AHTT to Mr Tun Tun while DMC SPV transferred one (1) share in AHTT to Mr Tun Tun for an aggregate consideration of US$201 being the US$ equivalent of Kyat 201,000. As at the Latest Practicable Date, the AHTT Registered Shareholders are DMC SPV (holding 300 shares representing approximately 59.9% of the issued share capital of AHTT) and Mr Tun Tun (holding 201 shares representing approximately 40.1% of the issued share capital of AHTT).

(iv) Entry of DMC DOA

DMC SPV and Mr Tun Tun entered into the DMC DOA on 22 September 2017. Pursuant to the entry of the DMC DOA, DMC SPV acquired (by way of assignment) the Economic Interest in respect of the remaining 40.1% shares of AHTT held by Mr Tun Tun. The DMC DOA excludes any assignment of any rights of ownership or control in the 40.1% shares of AHTT, which are the subject of the DMC DOA.

The DMC DOA is otherwise similar in terms to the BOB DOA.

(v) Entry of DMC POA

The DMC POA was granted by Mr Tun Tun in favour of DMC SPV and Mr Serge Pun on 22 September 2017.

Under the DMC POA, DMC SPV and Mr Serge Pun have been granted the power and authority to act jointly and severally as attorneys of Mr Tun Tun, *inter alia*:

(1) to do and perform any and all acts and things pertaining to the exercise of Mr Tun Tun's rights as the lawful holder of the remaining 40.1% shares of AHTT which are subject to the DMC DOA, with full power and authority to exercise all rights and powers, to sign, execute and deliver (as a deed or otherwise) all agreements, documents, forms and assurances, and to provide such authorisations and consents which Mr Tun Tun would have been entitled to do, perform, exercise and provide as the lawful holder of such shares; and

(2) to receive and give receipts and discharges for all economic, financial and monetary entitlements accruing or arising from the remaining 40.1% shares of AHTT (which are the subject of the DMC DOA). Such economic, financial and monetary entitlements which are payable to Mr Tun Tun, including in respect of dividends and other distributions (whether in cash or in kind) or any return of capital or contribution that may be made in relation to or which may be otherwise attributable to such shares.

The DMC POA took effect immediately upon the execution thereof, and is in force and effect as at the Latest Practicable Date. As the DMC POA was given by Mr Tun Tun in conjunction with the DMC DOA, the powers being granted thereunder are deemed or construed as powers granted coupled with an interest of the relevant attorney(s), and, as stated in the DMC POA, cannot be revoked by the grantor(s) for so long as such interests subsist. Save for the foregoing, there are no clauses or conditions in the DMC POA which provide for revocation, termination or dispute of the DMC POA by any parties.

The DMC POA is otherwise similar in terms to the BOB POA.

(vi) Entry of Option to acquire AHTT Shares

In consideration of an option fee amounting to the nominal value of the remaining 40.1% shares of AHTT held by Mr Tun Tun, the Option to acquire AHTT Shares was granted by Mr Tun Tun on 20 November 2017 in favour of DMC SPV, for DMC SPV to acquire the remaining 40.1% shares of AHTT held by Mr Tun Tun for a Relevant Value as and when the prevailing Applicable Laws permits such transfer, and further undertakings not to sell, dispose or encumber such shares pending such transfer to DMC SPV. Other than the payment of consideration at Relevant Value, there are no other amounts payable by DMC SPV to Mr Tun Tun upon its exercise. There are no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

(vii) Issue of MM Myanmar Consideration Shares to Corporate Vendor

In consideration of the Corporate Vendor contributing its interests in the DMC Business to the Memories Group pursuant to the Restructuring, 8,384,738 MM Myanmar Consideration Shares were allotted and issued by MM Myanmar to the Corporate Vendor.

(viii) Entry of Release and Discharge by Previous Interest Holders (DMC)

AHTT, the Corporate Vendor and each of the Previous Interest Holders of AHTT entered into the Release and Discharge by Previous Interest Holders (DMC), pursuant to which each Previous Interest Holder, *inter alia*, releases and discharges AHTT and the DMC Business from any

claims relating to the shares of AHTT (and the Economic Interests in relation thereto) or the assets or business of AHTT on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(ix) Entry of Release and Discharge by Registered Shareholders (DMC)

AHTT, DMC SPV and each of the Original AHTT Registered Shareholders entered into the Release and Discharge by Registered Shareholders (DMC), pursuant to which each Original AHTT Registered Shareholder, *inter alia*, releases and discharges AHTT and the DMC Business from any claims relating to the shares of AHTT (and the Economic Interests in relation thereto) or the assets or business of AHTT on the terms set out therein. No consideration was payable by the Memories Group under these deeds as these deeds were agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(x) Entry of Release and Discharge by Vendors (DMC)

AHTT, DMC SPV and the Corporate Vendor entered into the Release and Discharge by Vendors (DMC), pursuant to which the Corporate Vendor, *inter alia*, releases and discharges AHTT and the DMC Business from any claims relating to the shares of AHTT (and the Economic Interests in relation thereto) or the assets or business of AHTT on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and was not entered into based on normal commercial terms.

3.4.2 **Restructuring steps envisaged to be completed after the Latest Practicable Date**

(a) Restructuring in respect of the BOB Business after the Latest Practicable Date

(i) Transfer of BOB Land

CIL will become the registered owner of the BOB Land (if applicable), subject to the relevant Approvals being obtained for the same.

(ii) Grant of Long Term Leases of BOB Land

A Long Term Lease in respect of the BOB Land will be granted by CIL in favour of SLTG upon SLTG obtaining the MIC Endorsement for the Long Term Lease of the BOB Land.

(iii) Grant of Option to acquire BOB Land

Subsequent to SLTG obtaining the MIC Endorsement for the Long Term Lease of the BOB Land, the Option to acquire BOB Land will be granted by CIL in favour of SLTG to transfer the Residual Interest of the BOB Land to SLTG for a Relevant Value as and when the prevailing Applicable Laws permit such transfer, and further undertakings will be granted by CIL in favour of SLTG not to sell, dispose or encumber such interest in the BOB Land pending such transfer to SLTG, and to extend or renew the Long Term Lease, or grant subsequent new Long Term Leases in relation to the BOB Land in favour of SLTG (on each occasion, to the fullest extent permitted under the Applicable Laws) for a Relevant Value.

Under prevailing Applicable Laws, the Memories Group is restricted from owning any interest in the BOB Land over and above any Long Term Lease that may be granted in respect of the BOB Land, and hence the Option to acquire BOB Land will give the Memories Group the right to acquire the Residual Interest in the BOB Land if and when permitted under prevailing Applicable Laws. There will be no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

Please refer to Section 13 of Part B of this Circular entitled "Regulations Overview" for further details of such restrictions.

(b) Restructuring in respect of the BL Business after the Latest Practicable Date

(i) Completion of BL APA

The Completion of BL APA shall occur upon, *inter alia*, the MIC Endorsement of the investment activities of BL SPV and the Long Term Lease in respect of the BL Land or MIC Permit for BL SPV's investment in the BL Business (as the case may be) being obtained.

Pursuant to the Completion of BL APA, the sale and transfer of the BL Business and the grant of the Long Term Lease of the BL Land in favour of BL MM Co shall be completed.

(ii) Entry of deed of re-assignment in relation to the BL DOA

The deed of re-assignment in relation to the BL DOA will be executed by BL SPV to re-assign the Economic Interests in relation to the shares of CIL to the CIL Registered Shareholders, following the transfer of BL Business and grant of the Long Term Lease in respect of the BL Land by CIL to BL MM Co pursuant to the Completion of BL APA and the grant of the Long Term Lease in respect of the BL Land in favour of BL MM Co. There will be no termination provisions under the terms of the deed of re-assignment in relation to the BL DOA.

As CIL will become solely a land-holding company following the transfer of BL Business by CIL to BL MM Co, BL SPV will not be able to continue to hold the Economic Interests in relation to the shares of CIL under the prevailing Applicable Laws.

Please refer to Section 13 of Part B of this Circular entitled "Regulations Overview" for further details of such restrictions.

(iii) Grant of Long Term Lease of BL Land

A Long Term Lease in respect of the BL Land will be granted by CIL in favour of BL MM Co upon BL MM Co obtaining the MIC Endorsement for the investment activity of BL SPV and the Long Term Lease of the BL Land, or MIC Permit for BL SPV's investment in the BL Business (as applicable).

(iv) Option to acquire BL Land

Upon the Completion of BL APA, the Option to acquire BL Land will be granted by CIL in favour of BL MM Co to transfer the Residual Interest of the BL Land to BL MM Co for Relevant Value as and when the prevailing Applicable Laws permits such transfer, and further undertakings will be granted by CIL in favour of BL MM Co not to sell, dispose or encumber such interest in the BL Land pending such transfer to BL MM Co, and to extend or renew the Long Term Lease, or grant subsequent new Long Term Leases in relation to the BL Land in favour of BL MM Co (on each occasion, to the fullest extent permitted under the Applicable Laws) for a Relevant Value.

Under prevailing Applicable Laws, the Memories Group is restricted from owning any interest in the BL Land over and above any Long Term Lease that may be granted in respect of the BL Land, and hence the Option to acquire BL Land will give the Memories Group the right to acquire the residual interest in the BL Land if and when permitted under prevailing Applicable Laws. There will be no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

Please refer to Section 13 of Part B of this Circular entitled "Regulations Overview" for further details of such restrictions.

(v) Option to acquire CIL Shares

Upon the Completion of BL APA, the Option to acquire CIL Shares will be granted by the CIL Registered Shareholders in favour of BL SPV, for BL SPV to acquire all of the shares of CIL for Relevant Value as and when the prevailing Applicable Laws permits such transfer, and further undertakings not to sell, dispose or encumber such shares pending such transfer to BL SPV.

Under prevailing Applicable Laws, the Memories Group is restricted from having any ownership or control of CIL which will become a solely land-holding company following the transfer of the BL Business and grant of the Long Term Lease in respect of the BL Land by CIL to BL MM Co and the grant of the Long Term Lease in respect of the BL Land in favour of SLTG. The Option to acquire CIL Shares will give the Memories Group the right to acquire such shares if and when permitted under prevailing Applicable Laws. There will be no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

(c) Restructuring in respect of the HAL Business after the Latest Practicable Date

(i) Completion of HAL APA

The Completion of HAL APA shall occur upon, *inter alia*, the MIC Endorsement of the Long Term Lease in respect of the HAL Land being obtained.

Pursuant to the Completion of HAL APA, the sale and transfer of the HAL Business and the grant of the Long Term Lease of the HAL Land in favour of HAL MM Co shall be completed.

(ii) Entry of deed of re-assignment in relation to the HAL DOA

The deed of re-assignment in relation to the HAL DOA will be executed by HAL SPV to re-assign the Economic Interests in relation to the shares of TLH to the TLH Registered Shareholders, following the transfer of HAL Business and grant of the Long Term Lease in respect of HAL Land by TLH to HAL MM Co pursuant to the Completion of HAL APA. There will be no termination provisions under the terms of the deed of re-assignment in relation to the HAL DOA.

As TLH will become solely a land-holding company following the transfer of HAL Business by TLH to HAL MM Co, HAL SPV will not be able to continue to hold the Economic Interests in relation to the shares of TLH under the prevailing Applicable Laws.

Please refer to Section 13 of Part B of this Circular entitled "Regulations Overview" for further details of such restrictions.

(iii) Grant of Long Term Lease of HAL Land

A Long Term Lease in respect of the HAL Land will be granted by MMT or TLH (as the case may be) in favour of HAL MM Co upon HAL MM Co obtaining the MIC Endorsement for the Long Term Lease of the HAL Land.

(iv) Option to acquire HAL Land

Upon the Completion of the HAL APA, the Option to acquire HAL Land will be granted by TLH in favour of HAL MM Co to transfer the Residual Interest of the HAL Land to HAL MM Co for Relevant Value as and when the prevailing Applicable Laws permit such transfer, and further undertakings will be granted by TLH in favour of HAL MM Co not to sell, dispose or encumber such interest in the HAL Land pending such transfer to HAL MM Co, and to extend or renew the Long Term Lease, or grant subsequent new Long Term Leases in relation to the HAL Land in favour of HAL MM Co (on each occasion, to the fullest extent permitted under the Applicable Laws) for a Relevant Value.

Under prevailing Applicable Laws, the Memories Group is restricted from owning any interest in the HAL Land over and above any Long Term Lease that may be granted in respect of the HAL Land, and hence the Option to acquire HAL Land will give the Memories Group the right to acquire the Residual Interest in the HAL Land if and when permitted under prevailing Applicable Laws. There will be no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

Please refer to Section 13 of Part B of this Circular entitled "Regulations Overview" for further details of such restrictions.

(v) Option to acquire TLH Shares

Upon the Completion of the HAL APA, the Option to acquire TLH Shares will be granted by the TLH Registered Shareholders in favour of HAL SPV, for HAL SPV to acquire all of the shares of TLH for Relevant Value as and when the prevailing Applicable Laws permits such transfer, and further undertakings not to sell, dispose or encumber such shares pending such transfer to HAL SPV.

Under prevailing Applicable Laws, the Memories Group is restricted from having any ownership or control of TLH which will become solely a land-holding company, following the transfer of the HAL Business and grant of the Long Term Lease in respect of the HAL Land by TLH to HAL MM Co. The Option to acquire TLH Shares will give the Memories Group the right to acquire such shares if and when permitted under prevailing Applicable Laws. There will be no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

Please refer to Section 13 of Part B of this Circular entitled "Regulations Overview" for further details of such restrictions.

B4. History of the Memories Group and the Memories Businesses

On 23 December 2016, MM Myanmar was incorporated for the purposes of restructuring and consolidating the Memories Businesses under a single holding company. The history of each Memories Business is set out in further detail below.

Pursuant to the Restructuring Completion, MM Myanmar acquired, through the various SingCo SPVs: (i) the legal and beneficial ownership of 100.0% of the issued share capital of PHLHML that owns the PHL Business and the PHL Long Term Lease; (ii) the legal and beneficial ownership of 40.0% of the issued share capital of SLTG and all the Economic Interests in relation to the remaining 60.0% of the issued share capital of SLTG; (iii) the legal and beneficial ownership of 59.9% of the issued share capital of AHTT and all the Economic Interests in relation to the remaining 40.1% of the issued share capital of AHTT; and (iv) the Economic Interests in relation to the entire issued share capital of CIL and TLH. Please refer to Section 3.4 of Part B of this Circular entitled "Restructuring" for more information on the Restructuring.

Following the Restructuring Completion and as at the Latest Practicable Date, the shareholders of MM Myanmar are YSIL, FMI and the Corporate Vendor who hold approximately 63.1%, 15.8% and 21.1% of the issued share capital of MM Myanmar, respectively.

YSIL is a wholly-owned subsidiary of YSH which has been listed on the Mainboard of the SGX-ST since 2006. Over the years, the YSH Group has established itself as one of the leading business groups in Myanmar. Its key business segments include real estate, consumer, automotive and heavy equipment, and investments. YSH is affiliated with FMI, which was established in 1992 and became the first company to be listed on the Yangon Stock Exchange in 2016. FMI's core businesses are in the financial services, real estate and healthcare sectors in Myanmar.

The Corporate Vendor is an investment holding company incorporated in the British Virgin Islands on 5 August 2016 specifically to acquire certain interests in the HAL Business and DMC Business in FY2017 from the relevant Previous Interest Holders, including JMR.

Prior to the Restructuring, the Memories Businesses has been under the management of the YSH Group, FMI Group, Mr Michel Novatin and JMR since May 2016. Upon Completion, Mr Michel Novatin and JMR shall be appointed as the CEO and Chief Operating Officer of the Company respectively. The Memories Group has (i) centralised the Human Resource and finance functions across all the Memories Businesses; (ii) consolidated office premises of the Memories Businesses in one location; and (iii) launched new logo and branding materials. To further enhance the synergy of the Memories Group's operations, the Memories Group shall further develop its marketing campaign and its information technology system. Please refer to Section 5.19 of Part B of this Circular entitled "Strategies and Future Plans" for further details.

BOB Business

The BOB Business was founded under SLTG in 1999 by independent third parties. CHPL, an entity jointly owned by YSIL (holding a 70.0% equity interest) and FMI (holding a 30.0% equity interest), acquired a 75.0% interest in the BOB Business in FY2014 and the remaining 25.0% interest in FY2017.

The BOB Business commenced operations with a single hot-air balloon in Bagan in FY2000 after the receipt of the SLTG MCIL MIC Permit and was one of the first commercial hot-air balloon operations in South East Asia. The BOB Business gradually expanded its operations in Bagan and also expanded to the Inle Lake region in FY2016. Currently, the BOB Business operates 12 balloons in Bagan and two (2) balloons in the Inle Lake region. The "Balloons over Bagan" branding has become one of Myanmar's most iconic tourist attractions with over 22,000 passengers in FY2017 alone.

BL Business

The BL Land was acquired by CIL in 2014, when CIL acquired in aggregate approximately 4.31 acres of contiguous land from various independent third party landowners. Due to its prime location in downtown Nyaung U, which is a bustling town on the Ayeyarwady River next to the ancient sites of Bagan, the BL Land was acquired by CIL with the intention of redeveloping the same into a proposed commercial and tourism-related hospitality development.

DMC Business

The DMC Business was founded by JMR in 2000. Prior to the founding of the DMC Business, JMR established a network of customers overseas and suppliers in Myanmar through his experience in the Myanmar tourism industry.

The DMC Business provides destination management services in relation to Myanmar and has since 2003 worked in close collaboration with Phoenix Voyages, a travel agent based in Ho Chi Minh City, to offer a broad spectrum of destination management services across the Asia-Pacific region and utilise marketing synergies to promote regional tourism destinations such as Myanmar, Cambodia, Laos and Thailand.

The Corporate Vendor acquired the entire Economic Interests in relation to the issued share capital of AHTT from the relevant Previous Interest Holders on 12 December 2016, pursuant to the sale and purchase agreement in respect of such Economic Interests dated 30 September 2016 and the deed of assignment entered into between the Original AHTT Registered Shareholders and the Corporate Vendor dated 12 December 2016.

HAL Business

The HAL Business was founded in 2014 by JMR when he observed that there was a lack of suitable and quality accommodation in the Hpa An area and decided to embark on this business opportunity of developing a boutique hotel. Accordingly, TLH, which holds the HAL Business, was incorporated in 2014, and the HAL Land was also acquired in 2014 for the development of Hpa An Lodge, which was completed in FY2015. The design of Hpa An Lodge was inspired by traditional Karen architecture and the natural beauty of its location at the foot of Mount Zwekabin in Karen State.

In FY2017, Hpa An Lodge introduced a new type of accommodation – the Sky Dome Villa, which offers guests a unique natural setting with a view of the stars at night. The Corporate Vendor acquired the entire Economic Interests in relation to the issued share capital of TLH from the relevant Previous Interest Holders on 14 February 2017, pursuant to the sale and purchase agreement in respect of such Economic Interests dated 30 September 2016 and the deed of assignment entered into between the TLH Registered Shareholders and the Corporate Vendor dated 14 February 2017.

Currently, the Hpa An Lodge has 19 rooms, comprising (i) 18 Karen Cottages (which includes two (2) Family Duplex Cottages); and (ii) one (1) Sky Dome Villa.

PHL Business

The PHL Business was first conceptualised by the YSH Group when it identified an opportunity to develop an "urban resort" within the Pun Hlaing Estate. Construction of the Pun Hlaing Lodge commenced on the PHL Land in FY2016 for this purpose. The PHL Land is situated on approximately 2.196 acres of land within the Pun Hlaing Estate in Hlaing Thayar Township. As at the Latest Practicable Date, the construction of Pun Hlaing Lodge is still in progress and is expected to be completed in FY2019.

B5. Memories Group's Businesses

5.1 Group Overview

The Memories Group is engaged in tourism-related businesses focused on Myanmar, predominantly in three (3) business segments namely, the Experiences Segment, the Services Segment and the Hotels Segment (collectively, the "**Business Segments**").

(a) **Experiences Segment**: The Experiences Segment currently comprises the BOB Business, which is operating hot-air balloon flights in Bagan and the Inle Lake region. The Memories Group intends to develop additional tourist, cultural or leisure attractions and related services, including through the development of the BL Business.

(b) **Services Segment**: The Services Segment currently comprises the DMC Business, specialising in the design and implementation of customised tours, events and travel logistics.

(c) **Hotels Segment**: Under the Hotels Segment, the Memories Group currently owns and operates hotels and lodges under the PHL Business and HAL Business. The HAL Business has commenced operations since FY2015, the PHL Business is currently under construction and is expected to be completed in FY2019.

The Memories Group, through the Business Segments, operates an integrated tourism platform which allows it to cohesively brand and manage its products and services. This provides operational synergies and opportunities to cross-sell its various offerings and services. Tourists arriving in Myanmar through the DMC Business can stay at the Memories Group's hotels and experience "Balloons over Bagan", providing a holistic and seamless tour experience within Myanmar.

5.2 Business Activities

5.2.1 Experiences Segment

BOB Business

The Memories Group, through SLTG, operates a full service commercial hot-air balloon business operating under the brand "Balloons over Bagan" in Bagan and the Inle Lake region. The "Balloons over Bagan" branding and our burgundy coloured balloons have become one of Myanmar's most iconic tourist attractions.

Bagan is an ancient royal city and one of Myanmar's most popular tourist destinations. Bagan is rich in cultural history with more than 2,000 ancient temples, pagodas and stupas spread across its plains. From the 9th to 13th centuries, Bagan was the capital of the first kingdom that unified the regions that would later constitute modern Myanmar. During the kingdom's height, thousands of temples were constructed and many of which still stand today. Preparations are currently underway to have Bagan listed as a UNESCO World Heritage site[1].

Located in Myanmar's Shan State, Inle Lake is 13.5 miles long and seven (7) miles wide[2]. The tranquil lake is flanked by floating gardens, traditional stilt-house villages and Buddhist temples, which allow visitors a glimpse into traditional local lifestyles. Aside from its cultural sites, Inle Lake also boasts numerous activities such as boating, trekking and cycling with routes available around the lake. Inle Lake is also home to one of Myanmar's hallmark festivals, the Phaung Daw Oo Festival, that

Footnotes:

1 The information is derived from the website of 'Myanmar Times' at http://www.mmtimes.com/index.php/national-news/mandalay-upper-myanmar/24812-plans-to-make-bagan-unesco-world-heritage-site-under-study.html accessed on 15 November 2017. 'Myanmar Times' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company, the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

2 The information is derived from the websites of 'Lonely Planet' at https://www.lonelyplanet.com/myanmar-burma/inle-lake-and-shan-state/inle-lake accessed on 15 November 2017. 'Lonely Planet' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

sees ancient images of the Buddha travel in a procession around the lake to celebrate Buddhist Lent, coupled with a famous boat racing event[3].

As at the Latest Practicable Date, the Memories Group is the largest hot-air balloon operator in Myanmar, operating in the Bagan and Inle Lake regions. SLTG currently operates 14 balloons comprising 12 balloons in Bagan and two (2) balloons in the Inle Lake region. Our balloons have an average maximum lift-off weight ranging from approximately 2,156 kilograms to 3,396 kilograms, and the hot-air balloon baskets are able to carry eight (8) to 16 passengers.

The BOB Business provides an all-around luxury experience to its customers which includes (i) complimentary pick-up from their accommodation in converted vintage buses; (ii) pre-flight coffee, tea and refreshments; (iii) a guided interactive tour of the hot-air balloon during inflation; (iv) a champagne breakfast upon landing; and (v) issuance of a flight certificate award to guests before sending them back to their accommodation.

As part of its operational philosophy, the management places a strong emphasis on safety by carrying out daily testing of weather and flight conditions prior to each flight day and conducting detailed passenger safety briefings by pilots before each balloon ride.

Please refer to Section 5.5 of Part B of this Circular entitled "Safety Assurance" for more information about the safety procedures for the BOB Business.

Footnotes:

3 The information is derived from the websites of 'Lonely Planet', 'Go-myanmar.com', 'Forbes' at https://www.lonelyplanet.com/myanmar-burma/inle-lake/travel-tips-and-articles/myanmars-water-world-exploring-inle-lake/40625c8c-8a11-5710-a052-1479d277b4ae; http://www.go-myanmar.com/inle_lake and https://www.forbes.com/forbes/welcome/?toURL=https://www.forbes.com/sites/fathom/2017/06/17/myanmar-photo-tour/&refURL =http://www.google.com.sg/url?sa=t&rct=j&q=&esrc=s&source=newssearch&cd=1&cad=rja&uact=8&ved=0ahUKEwiNs7SxwoPVAhXsIMAKHSzMBHcQqQIIHygAMAA&url=http%3A%2F%2Fwww.forbes.com%2Fsites%2Ffathom%2F2 017%2F06%2F17%2Fmyanmar-photo-tour%2F&usg=AFQjCNEGuGkxvA3gjdmyDrxV6juL7DtB7Q&referrer=http://www.google.com.sg/url?sa=t&rct=j&q=&esrc=s&source=newssearch&cd=1&cad=rja&uact=8&ved=0ahUKEwiNs7SxwoPVAhXsIMAKHSzMBHcQqQIIHygAMAA&url=http%3A%2F%2Fwww.forbes.com%2Fsites%2Ffathom%2F2017%2F06%2F17%2Fmyanmar-photo-tour%2F&usg=AFQjCNEGuGkxvA3gjdmyDrxV6juL7DtB7Q, respectively, accessed on 15 November 2017. "Lonely Planet', 'Go-myanmar.com', and 'Forbes' have not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and are therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

BL Business

The Memories Group intends to develop a commercial tourism-related development on the BL Land which is located in Ywar Thit Myauk, Nyaung U Township, Bagan, Myanmar. The BL Land, aggregating approximately 4.31 acres in land area, is located along the Ayeyarwady River close to downtown Nyaung U, making it a prime location for tourism-related developments[4].

Nyaung U is a bustling town on the Ayeyarwady River next to the ancient sites of Bagan, which attracts travellers visiting Bagan due to its geographical proximity to Bagan's temples and its transportation links, including its own airport. Travellers staying in other areas often make trips to Nyaung U because of its restaurants, shops and traditional markets[5].

The Memories Group is currently conducting feasibility studies on the development of the BL Land and has not commenced any construction or operations.

5.2.2 **Services Segment**

DMC Business

Under the DMC Business, AHTT, operating under the brand "Asia Holidays", provides full-scale and customised services in designing and implementing tours. Such services include (i) designing and preparing fully customised itineraries for tour packages; (ii) organising unique excursions, activities and cultural experiences to cater to specific end-customers' preferences; (iii) managing tour logistics, including recommending and booking of accommodation, restaurants and transportation; (iv) organising MICE events, for instance, the arrangement and coordination of the tour logistics for the World Economic Forum 2013 held in Nay Pyi Taw; and (v) provision of multi-lingual travel guides in Myanmar. For the avoidance of doubt, the DMC Business excludes the development of the computer reservation system services.

Footnotes:

4 The information is derived from the websites of 'Lonely Planet' and 'The Irrawaddy' at https://www.lonelyplanet.com/myanmar-burma/nyaung-u and https://www.irrawaddy.com/business/irrawaddy-business-roundup-june-17.html respectively, accessed on 15 November 2017. 'Lonely Planet' and 'The Irrawaddy' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

5 The information is derived from the websites of 'Lonely Planet' and 'The Irrawaddy' at https://www.lonelyplanet.com/myanmar-burma/nyaung-u and https://www.irrawaddy.com/business/irrawaddy-business-roundup-june-17.html respectively, accessed on 15 November 2017. 'Lonely Planet' and 'The Irrawaddy' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

AHTT's operational office is located in Yangon, Myanmar with representatives in other tourist locations throughout the country. The DMC Business' clients include predominantly travel agents and individuals, with the main end-customers being foreign tourists.

(a) Collaboration between AHTT and Phoenix Voyages

Since 2003, AHTT has worked in close collaboration with Phoenix Voyages, a destination management company based in Ho Chi Minh City, Vietnam that provides services, *inter alia*, in the PV Territories.

Historically, the collaborative arrangements between AHTT and Phoenix Voyages included, amongst others, (i) collaboration in the areas of marketing, sales and representation in overseas markets; (ii) jointly organising or participating in trade fairs or trade shows; and (iii) Phoenix Voyages acting as a billing and collection agent on behalf of AHTT.

On 12 December 2016, AHTT and Phoenix Voyages formalised their working relationship and collaboration by entering into a collaboration agreement (the "**Collaboration Agreement**"), the key terms of which include the following:

(i) Sales and Representative Channels

Phoenix Voyages has agreed for AHTT to share the use of Phoenix Voyages' overseas sales and representative channels, in consideration of which AHTT will share 30.0% of the base cost of maintaining such sales and representative channels, and AHTT will also be responsible for paying the relevant commission that has to be paid to such channels (based on the same rates agreed between Phoenix Voyages and such channels) in respect of any revenue generated from such channels in relation to the sale of tours operated by AHTT in Myanmar.

(ii) Distribution channels

Phoenix Voyages has agreed for AHTT to share the use of Phoenix Voyages' distribution channels with certain parties, in consideration of which AHTT will share 30.0% of the base cost of maintaining such distribution channels, and AHTT will also be responsible for paying the relevant commission that has to be paid to such distribution channels (based on the same rates agreed between Phoenix Voyages and such distribution channels) in respect of any revenue generated from such distribution channels in relation to the sale of tours operated by AHTT in Myanmar.

(iii) Trade Shows

AHTT and Phoenix Voyages may participate jointly in trade shows and the fees and costs of such participation at trade shows will be agreed on a case-by-case basis.

(iv) Combined Tours

AHTT and Phoenix Voyages may collaborate together to provide tours ("**Combined Tours**") involving Myanmar and other countries that Phoenix Voyages operates in, from which any revenues would be split on a case-by-case basis.

(v) Intellectual Property Rights

Phoenix Voyages has agreed to grant AHTT, during the term of the Collaboration Agreement, an exclusive, non-transferable sole licence to use the Phoenix Voyages Name ("**PV Name**"), the trademark historically used by AHTT and Phoenix Voyages ("**PV Trademark**"), the domain name "www.phoenixvoyages.com" ("**PV Domain Name**") and sub-licence to use the domain name "www.asiaholiday.info" ("**AH Domain Name**") (pursuant to it being granted an exclusive, non-transferable sole licence to use the AH Domain Name by Edouard George, the owner of the AH Domain Name).

(vi) Websites

Phoenix Voyages has agreed to manage, operate and maintain the websites hosted under the PH Domain Name and the AH Domain Name, which shall be used to promote the destination management businesses of both AHTT and Phoenix Voyages, and Phoenix Voyages shall bear the related costs of the same. Notwithstanding the foregoing, AHTT will have control over the content posted on the websites hosted under the PH Domain Name and the AH Domain Name in relation to (i) Myanmar; or (ii) tours operated by AHTT in Myanmar.

(vii) Proxy Payments

Phoenix Voyages may from time to time upon request by AHTT receive payments made by customers to AHTT (whether arising from direct sales made by AHTT or from Combined Tours) on behalf of AHTT ("**Proxy Payments**"), provided that Phoenix Voyages shall hold any such payments received by it upon trust for AHTT absolutely and shall wire transfer such payments to AHTT within seven (7) days of the end of the calendar month in which such payment was received.

(viii) Term and Termination

The Collaboration Agreement is for a term of four (4) years from 1 December 2016 being the commencement date of the Collaboration Agreement.

There is a right of earlier termination on the part of either party, *inter alia*, if the other party ("**Defaulting Party**") commits a material breach of any term of the Collaboration Agreement which is irremediable or fails to be remedied within the prescribed time, or there is a change in control of the

Defaulting Party, or the Defaulting Party enters into liquidation whether compulsorily or voluntarily (otherwise than for the purposes of a solvent amalgamation or reconstruction), or becomes insolvent within the meaning of any applicable law, or ceases or threatens to cease to carry on business, or undergoes any other analogous events.

In addition, AHTT is entitled to terminate the Collaboration Agreement with regard to a particular distribution channel by giving not less than three (3) months prior written notice to Phoenix Voyages if the applicable base fees and/or commission payable ("**Base Fees and Commission Payable**") by AHTT to Phoenix Voyages in respect of such distribution channel is to be increased by more than a certain agreed percentage of the previous year's base fees and/or commission respectively. The Base Fees and Commission Payable are derived based on Phoenix Voyages' costs as agreed between Phoenix Voyages and the relevant distribution channel operators. In the event that the Base Fees and Commission Payable increase by more than 10.0% to the previous year's fees, AHTT has the right to terminate the Collaboration Agreement. In the event of a termination, there is no termination fee payable by the terminating party.

(ix) Exclusivity

For the duration of the Collaboration Agreement, (i) AHTT has the exclusive right to carry out destination management business in Myanmar, and Phoenix Voyages shall not be entitled to carry out any destination management business in Myanmar (save where such business is carried out jointly with AHTT); and (ii) Phoenix Voyages has the exclusive right to carry out destination management business in the PV Territories and AHTT shall not be entitled to carry out any destination management business in the PV Territories (save where such business is to be carried out jointly with Phoenix Voyages).

Given the historical working relationship and collaborative arrangements between AHTT and Phoenix Voyages, the Collaboration Agreement is currently considered a material agreement for the DMC Business, although the Proposed Directors are of the reasonable opinion that the significance of such agreement may reduce over time, as AHTT, *inter alia*, develops its own independent or alternative distribution and sales and representative channels, and reduces the use of Phoenix Voyages to receive payments from customers.

As at the Latest Practicable Date, JMR has a 33.0% interest in Phoenix Voyages. Save as aforesaid, none of the shareholders and/or the directors of Phoenix Voyages are directly or indirectly related to the Proposed Directors, Proposed Executive Officers, and/or the Substantial Shareholders or Controlling Shareholders of the Company upon Completion.

Furthermore, the Proposed Directors are of the reasonable opinion that there are sufficient safeguards in place with regards to the Proxy Payments as AHTT has adequate internal controls in place to regularly monitor and ensure that any balances due to AHTT from Phoenix Voyages arising from the Proxy

Payments are remitted or transferred to AHTT in a timely manner in accordance with the terms of the Collaboration Agreement. Such internal controls measures include (i) monthly transfers by Phoenix Voyages to AHTT of collections made on AHTT's behalf; (ii) weekly balance confirmations sent by Phoenix Voyages to AHTT on the balance outstanding; and (iii) weekly updates on account receivables ageing by Phoenix Voyages to AHTT. The chief accountant of AHTT is responsible for monitoring and ensuring the accuracy of amounts remitted to AHTT by verifying the invoices and weekly balance confirmations and updates from Phoenix Voyages' director of finance. The chief accountant of AHTT will report to the CFO and/or the Financial Controller if there are any material discrepancies or lapses in internal control measures.

5.2.3 **Hotels Segment**

Hpa An Lodge

The Memories Group, through TLH, manages and operates the Hpa An Lodge, which is a 19-room boutique hotel located at the foot of Mount Zwekabin, one of the key tourist attractions in Hpa An Township, Karen State. Hpa An Lodge is located in a natural, green environment and is conveniently accessible via the newly re-constructed Asian Highway 1 from Yangon to Myawaddy, which passes by the Golden Rock, a famous Buddhist pilgrimage site in Mon State[6], and extends to Moulmein, the fourth largest city in Myanmar[7]. As at the Latest Practicable Date, the Hpa An Lodge is the only boutique hotel in Karen State.

Footnotes:

6 The information is derived from the websites of 'Lonely Planet' and 'Slate' at https://www.lonelyplanet.com/myanmar-burma/southeastern-myanmar/kyaiktiyo-golden-rock and http://www.slate.com/blogs/atlas_obscura/2014/03/10/the_golden_rock_in_myanmar_is_a_precariously_perched_pagoda.html accessed on 15 November 2017. 'Lonely Planet' and 'Slate' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

7 The information is derived from the website of 'Associated Press' at https://apnews.com/48cf18df120540509c853940cb9d00c6/myanmars-ex-colonial-capital-captivates-faded-glory accessed on 15 November 2017. 'Associated Press' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

Hpa An Lodge provides its guests with an authentic local experience such as trekking and exotic village excursions, a sunset cruise tour on the Than Lwin River and a picnic lunch at a traditional Karen house. It also offers convenient facilities, including a restaurant and bar offering international and local traditional cuisine, a swimming pool, mountain bike rental and transportation services to and from the hotel.

Pun Hlaing Lodge

The Memories Group, through PHLHML, manages and operates the proposed hotel development, "Pun Hlaing Lodge", which is currently being constructed and developed on the PHL Land within the Pun Hlaing Estate in Hlaing Thayar Township, Yangon, Myanmar. The Pun Hlaing Estate, owned and managed by the YSH Group, houses an 18-hole, 7,012 yard golf course which is designed by Gary Player, a prominent professional player who is now retired, and is situated in a tranquil location which is approximately 13 kilometres away from the city centre of Yangon.

Pun Hlaing Lodge's location will give its guests priority access to the golf course in Pun Hlaing Estate, and the services offered by the hotel will complement the golf tournaments and events that are held frequently at the Pun Hlaing Estate.

Sitting on land area of approximately 2.196 acres, the Pun Hlaing Lodge will have 46 rooms and a total gross floor area of approximately 13,929 m^2 when completed. It will offer a range of accommodation types, including four (4) two-level apartment suites, eight (8) corner suites four (4) garden suites, and 30 standard guest rooms. Its facilities will include a custom cigar room, a bar and restaurant with a private dining area, conference and meeting rooms, a golf centre and access to a swimming pool, spa and fitness centre.

5.3 Occupancy Rates

BOB Business

In respect of the BOB Business, the total available seat occupancy rate in respect of Bagan and Inle Lake region for FY2015, FY2016, FY2017 and 3M2018 is as follows:

Bagan	FY2015	FY2016	FY2017	3M2018
Total available seats	24,848	26,980	25,972	N.A.(3)
Total occupancy rate (%)(1)(2)	85.4	79.9	85.7	N.A.(3)

Notes:

(1) The total occupancy rate is calculated by dividing the total number of passengers in a financial year by the total number of available seats for that financial year, which is in turn calculated by the total number of flight days in Bagan for that financial year multiplied by the total number of available seats on the balloons operating in Bagan.

(2) Based on total flight days of 158, 159 and 151 days in Bagan, for FY2015, FY2016 and FY2017 respectively.

(3) The BOB Business is not operational in 3M2018.

Inle Lake region	FY2015	FY2016	FY2017	3M2018
Total available seats	N.A.[1]	324	1,168	N.A.[4]
Total occupancy rate (%)[2][3]	N.A.[1]	39.2	31.7	N.A.[4]

Notes:

(1) The operation at Inle Lake region only commenced in FY2016.

(2) The total occupancy rate is calculated by dividing the total number of passengers in a financial year by the total number of available seats for that financial year, which turn calculated by the total number of flight days in Inle Lake region for that financial year multiplied by the total number of available seats on the balloons operating in Inle Lake region.

(3) Based on total flight days of 36 and 76 days in Inle Lake region, for FY2016 and FY2017 respectively.

(4) The BOB Business is not operational in 3M2018.

As at the Latest Practicable Date, SLTG has a total of 12 balloons operating in Bagan and two (2) balloons operating in Inle Lake region. The balloons have maximum capacities ranging from eight (8) to 16 seats. As the balloons are not in operation outside of the BOB Operating Season due to the rainy season, the total number of available flight days per year has to be reduced accordingly to take into account the non-operational period, which is also usually longer in Inle Lake region compared to Bagan, due to the different weather conditions between the two locations.

In addition, while the total occupancy rate has been calculated on the assumption that it is possible to load a balloon to its maximum passenger capacity each time it takes flight, in reality, due to weather conditions, weight load and other safety considerations, it is often not possible for SLTG to sell seats up to the maximum passenger capacity for each basket. For that reason, during FY2015, FY2016 and FY2017, SLTG has experienced instances where it is unable to fill all the total available seats on its balloon flights, and hence the actual available seats on that flight may be less than the maximum passenger capacity.

HAL Business

In respect of the HAL Business, the average occupancy rate and average number of available rooms for FY2015, FY2016, FY2017 and 3M2018 are as follows:

	FY2015	FY2016	FY2017	3M2018
Average occupancy rate during peak season (%)[1][2]	35.0[3]	78.7	84.1	N.A.[4]
Average occupancy rate during non-peak season (%)[1][2]	N.A.[3]	26.4	50.0	41.6

Notes:

(1) Average occupancy rate means the number of paid room nights during a period divided by the total number of available rooms during that period.

(2) Total available room nights for FY2015, FY2016, FY2017 and 3M2018 were 2,392, 6,347, 6,446 and 1,636 rooms respectively.

(3) The Hpa An Lodge only commenced operations in November 2014.

(4) Peak season occupancy rate is not applicable as 3M2018 is the non-peak season for Hpa An Lodge.

The Hpa An Lodge commenced operations in November 2014. From FY2015 to FY2017, the average occupancy rate increased by 33.0%, due mainly to the rising popularity of the Hpa An Lodge as it was the only boutique hotel in Karen state.

5.4 Sales and Marketing

5.4.1 Branding and Marketing

Branding across the Memories Group

In terms of market positioning and brand building, the Memories Group is positioning itself as a premium tourism services provider in the Myanmar tourism market. It aims to provide high quality travel, tourism, hotel, leisure and recreational experiences to customers, while maintaining sustainable environmental and social practices.

The present Memories Businesses, as well as future hospitality and tourism assets established and/or acquired under the Memories Group, will be marketed under the "**Memories Group**" brand name as MM Myanmar aims to deliver premium, exclusive and personalised services to customers under a unified brand, and authentic and timeless experiences. Our brand name, the "Memories Group" reflects our vision to create memories for customers in Myanmar that are unique, authentic and personal. Our diverse tourism offerings are intended to provide a distinctive experience over and above standard tour options organised by other service-providers in the market.

Currently the clientele of the Memories Group comprises mainly sophisticated explorers who are seeking new experiences and exposure to different cultures. This target market consists of middle to high income multi-generational travelers who value cultural heritage, sustainability and products and activities that showcase unique traditions. Myanmar is well placed to capture the demand for such experiential travel.

A number of the Memories Group's brand names are already well known to our international target market. "Balloons over Bagan" is one of Myanmar's most iconic tourist attractions, and "Asia Holidays" is well known to European travel agents. The Memories Group is currently focusing on strengthening its brand reputation in Europe and expanding to other markets in Asia such as China, and Singapore.

Synergies in marketing and cross-selling

Many assets in the Memories Group are complementary in nature, thereby creating cross-selling opportunities. For example, guests at our hotels or lodges will receive promotional materials for the BOB Business as well as tour services provided by AHTT. This helps us to retain customers within the Memories Group and maximise revenues throughout the Memories Businesses. In addition, it is envisaged that the Memories Group will maintain an integrated technology platform that will enable us to seamlessly manage client relationships across the Memories Businesses.

(a) Experiences Segment

(i) Trade fairs

SLTG has participated in tourism trade conventions and exhibitions in Europe, North America and Asia such as PURE Life Experiences in Marrakesh. These trade fairs enable SLTG to promote awareness of the "Balloons over Bagan" brand and establish further commercial relationships.

(ii) Features in prominent publications

The BOB Business has cooperated with various prominent publications which promote awareness and further recognition of its brand. It has been featured in renowned publications such as Vanity Fair, Lonely Planet, DestinAsian and Travel+Leisure.

(b) Services Segment

(i) Trade fairs

AHTT has participated regularly in tourism trade conventions and exhibitions in Europe, North America and Asia such as Internationale Tourismus-Börse Berlin (ITB Berlin) and ibtm world in Barcelona. These trade fairs enable AHTT to connect with other travel agents and business partners, as well as work on business development and relationship management.

(ii) Road shows

AHTT actively participates in overseas road shows and presentations to other travel agents in countries such as France, Germany, Poland, Singapore, Spain and Switzerland. These road shows allow AHTT to market new products and gain insight into tourism demands in these overseas markets. Going forward it is envisaged that AHTT will drive the marketing efforts for the Memories Group overseas.

(c) Hotels Segment

The HAL Business carries out direct marketing activities through its website, available at "http://www.hpa-an-lodge.com", which includes pictures and information about its facilities, services and location. The HAL Business also has direct relationships with local travel agents and arranges site visits and sponsored stays to give them a better understanding of the experiences at the hotel. These marketing activities help to raise the profile of Hpa An Lodge with travel agents and increase its inclusion in their tour itineraries for both foreign and local guests. The HAL Business also utilises social media platforms such as Facebook to communicate directly with guests and promote its services.

5.4.2 **Sales**

Our marketing efforts are led by JMR, who is supported by our sales, marketing and operations teams. These personnel are responsible for developing new marketing, lead generation and positioning of our hospitality and tourism businesses. The marketing team focuses on promoting our products and services in Europe, North America and increasingly the emerging Asia-Pacific region. In recent years, the marketing team is also increasingly reaching out to the domestic market catering to local tourists, which is growing in importance as a market segment.

(a) Experiences Segment

Travel agents

The majority of the BOB Business' ticket sales is carried out through local travel agents. Before the beginning of each season, the BOB Business utilises an advance allocation system whereby it allocates a specified number of places in its balloon baskets to various local travel agents (the "**Advance Allocation System**"). The agents pay upfront for these allocated places which are offered to them at a discount. These agents then sell these places to end-customers and other travel agents, and then finalise the corresponding booking timings of these allocated places with SLTG. Allocated places which are not used by the relevant travel agents for scheduled bookings in that season are typically carried over into the next operating season, and may be utilised then. Revenue in respect of a particular booking is recognised only after the relevant flight has taken place.

The allocation of places are made based on past sales performance of the agents. Places that have been allocated to agents but which have not been booked for end-customers will be released for direct sales by SLTG.

Direct bookings

Direct bookings are made mainly via two (2) channels, namely online reservations and standby sales.

Online reservations can be made directly via the "Balloons over Bagan" website, available at "http://www.balloonsoverbagan.com". Through the online system, customers can select their preferred flight timing and make payments to the BOB Business directly. We envisage that the BOB Business will increasingly emphasise online reservations going forward due to its convenience.

In addition, based on availability, we sell "standby" tickets to end-customers who have not utilised the other sales channels. These tickets are available for purchase by end-customers at the BOB Business' sales office in Bagan. A waiting list system is utilised for cases when there are no standby tickets available for the requested timing, and end-customers on the waiting list will be able to obtain places in the event of any cancellation of advance bookings.

(b) Services Segment

Distribution Channels

(i) Distribution networks

Through Phoenix Voyages, AHTT is a member of the TourCom Network and Selectour SA which are large travel agent networks typically catering to European customers. These networks select high quality DMCs in each country as members prior to listing them on the networks. Travel agents can contact and book tours offered by members from around the world through these trusted distribution networks.

(ii) Business partners and sales and representative channels

Pursuant to the Collaboration Agreement with Phoenix Voyages, AHTT is allowed to share the use of Phoenix Voyages' existing representative and sales channels for the duration of the agreement. As at the Latest Practicable Date, AHTT maintains two (2) sales channels in France and Spain and has sales representation covering the areas, such as Belgium, Netherlands, Luxembourg, Scandinavia, USA, Canada, Turkey, Poland and the United Kingdom.

(iii) Direct relationships with travel agents

We also have direct relationships with foreign travel agents who offer customised travel packages utilising our hotel and tourism services businesses. These travel agents liaise directly with us in relation to their customer requirements, and we design custom tours based on these requirements. These travel agents include AS Voyages (France), TourCom (France), Maison De L'Indochine (France), L'Atelier du Voyage (Switzerland) and ASPECTUS Travel & Event Consulting (France).

Direct sales

End-customers can directly access the website for the DMC Business at "http://www.asiaholidays.info", where they can learn more about the DMC Business' offerings and directly contact our sales team. In addition, direct sales can arise through word-of-mouth from previous end-customers. Once our sales team is contacted, it follows up with the end-customer directly and designs customised tours based on the end-customer's requirements. The end-customer makes full payment directly to the DMC Business prior to arrival in Myanmar.

(c) Hotels Segment

Leading online travel platforms such as Booking.com and Agoda.com allow customers to make bookings at Hpa An Lodge. FITs, expatriates living in Myanmar and local tourists utilise these self-service platforms to make reservations.

In addition, direct bookings are made via phone, email, online contact via the website (available at "http://www.hpa-an-lodge.com") and Facebook, as well as in person at the Hpa An Lodge location and the HAL Business' reservation office in Yangon.

We have established a good working relationship with local travel agents, including Diethelm Travel, Sanda Tour, EXO Travel and Khiri Travel, who book our hotels for travellers as part of their itineraries.

A substantial amount of cross-selling is also carried out with AHTT, which is a key source of the HAL Business' customers. Given AHTT's position as a leading DMC, we expect further cross-selling from AHTT in the future.

5.4.3 Customer Service and Relationship Management

The Memories Group maintains high customer service standards which are in line with the expectations of our sophisticated foreign clientele. We carry out structured training of our customer service staff to ensure the maintenance of such standards across the Memories Businesses.

We also take measures to follow up with our end-customers in the course of their trip or stay to ensure that their expectations are being met, and take appropriate action to address any issues they may have experienced.

After the completion of their experiences with us, we solicit feedback from end-customers through questionnaires and conversations as part of our efforts to continually improve our services and product offerings. As an example, in respect of the DMC Business, end-customers are allowed an opportunity to provide feedback electronically on their experiences.

It is also envisaged that the Memories Group will maintain an integrated technology platform that will enable it to seamlessly manage client relationships across the Memories Businesses.

5.5 Safety Assurance

The Memories Group aims to deliver quality products and services to its customers and its quality assurance process ensures consistency in the quality of its products and services to maintain its reputation and market standing.

The Memories Group has implemented a set of standard operating procedures which covers safety standards, such as emergency evacuation plans for the Hotels Segment.

The BOB Business in particular imposes stringent safety assurance standards throughout its operations. The BOB Business employs a Chief Inspector who is responsible for overseeing the safety standards of the business. The Chief Inspector is responsible for carrying out checks on the equipment and auditing the work of the maintenance team. The maintenance of equipment is led by the Chief Maintenance Officer who requires certification by the Chief Inspector in respect of any work performed by the maintenance function. In addition, all pilots and technicians utilised in connection with the business are licenced pilots or transport operators.

SLTG is also insured by a reputable insurance provider during the BOB Operating Season, which requires additional safety measures beyond what is prescribed by the DCA on balloon operators. As an example, the BOB Business conducts an envelope rip test for each balloon after every 100 hours of flight time. This test entails attempting to locate structural weaknesses in the envelope which could cause safety issues.

Additional safety measures include the usage of test balloon launches to gauge weather and flight conditions prior to the beginning of each flight day. These measures provide an additional level of safety for our end-customers.

The BOB Business' long-standing safety record is evidenced by the fact that SLTG has been able to continuously renew its Air Operator Certificate which is contingent upon satisfying the strict safety requirements imposed by the DCA, including passing a bi-yearly impromptu safety audit.

5.6 Major Customers

For FY2015, FY2016, FY2017 and 3M2018, there were no customers that accounted for 5.0% or more of the Memories Group's revenue and currently the Memories Group's revenue is not materially dependent on any single customer.

5.7 Major Suppliers

The supplier who accounted for 5.0% or more of the Memories Group's total cost of sales for FY2015, FY2016, FY2017 and 3M2018 is set out below:

		As a percentage of Memories Group's total cost of sales			
Name of Supplier	**Products Supplied**	**FY2015 (%)**	**FY2016 (%)**	**FY2017 (%)**	**3M2018 (%)**
Myat Ta Gun Co., Ltd	Propane for balloons	6.95	4.39	3.85	N.A.(1)

Note:

(1) The BOB Business is not operational in 3M2018. Accordingly, no purchase of propane for balloons was made.

None of the Proposed Directors, Proposed Executive Officers, Substantial Shareholders of MM Myanmar and/or their respective associates, has or had any interest, direct or indirect, in the above supplier.

5.8 Credit and Inventory

5.8.1 **Credit terms to our customers**

As at 31 March 2015, 31 March 2016, 31 March 2017 and 30 June 2017, the Memories Group's trade receivables balances were approximately US$23,000, US$70,000, US$390,000 and US$129,000 respectively. Our corresponding trade

receivables turnover days for FY2015, FY2016, FY2017 and 3M2018 were 0.7, 1.6, 7.3 and 40.4 respectively. Trade receivables turnover days were higher in FY2017 as compared to FY2016 due to sales proceeds owing from travel agents to the DMC Business following the entry into the Collaboration Agreement. Trade receivables turnover days increased to 40.4 days for 3M2018 as a result of a substantial decrease in revenue due to non-peak season in Myanmar tourism industry.

"Trade receivables turnover days" means the average trade receivables balance divided by revenue, multiplied by the number of days.

"Average trade receivables balance" means the average of the opening and closing trade receivables balances for the relevant financial year/period.

"Number of days" means the number of calendar days in the relevant financial year/period.

(a) Experiences Segment

We do not offer credit terms to customers in the Experiences Segment.

Under the Advance Allocation System for the BOB Business, travel agents pay in full upfront in order to obtain allocated places. For direct bookings (which includes online reservations and standby sales) customers pay in full at the time of booking.

(b) Services Segment

Generally we do not offer credit terms to customers in the Services Segment. For tour itineraries arranged by the DMC Business, a partial payment of 30.0% to 50.0% is required in advance. Before arrival, full payment is required. For key customers who have long standing relationships with the DMC Business, we typically offer 30-day credit terms with invoices paid monthly.

Phoenix Voyages as billing and collection agent on behalf of AHTT

Phoenix Voyages has historically acted as billing and/or collection agent for some of the sales made by AHTT from overseas customers as AHTT did not maintain bank accounts outside of Myanmar. Following the setting up of a Singapore bank account by DMC SPV after the Corporate Vendor Buyout, it is contemplated that generally, such payments from overseas customers will be received by DMC SPV.

However, the arrangement for billing and/or collection by Phoenix Voyages on behalf of AHTT may still have to continue in certain circumstances, for instance, in the case of Combined Tours, and/or in cases where customers have yet to agree to direct billing and collection arrangements by AHTT. Under the terms of the Collaboration Agreement, Phoenix Voyages may from time to time, upon AHTT's request, receive on behalf of AHTT certain Proxy Payments and AHTT shall bear the costs in relation to the subsequent transfer by Phoenix Voyages of such Proxy Payments to AHTT. It is not contemplated that AHTT will pay Phoenix Voyages any agency or service fees for such Proxy Payments.

To address such situations, as at the Latest Practicable Date, the Memories Group has put in place certain internal controls processes and measures to facilitate diligent and close monitoring of the ongoing outstanding balances position between AHTT and Phoenix Voyages, in particular, to ensure that Phoenix Voyages makes regular prompt payments of the amounts which it has collected on behalf of AHTT in accordance with the terms of the Collaboration Agreement. Such internal controls processes and measures include (i) monthly transfer by Phoenix Voyages to AHTT on collections made on AHTT's behalf; (ii) weekly balance confirmation sent by Phoenix Voyages to AHTT on the balance outstanding; and (iii) weekly update on account receivables ageing by Phoenix Voyages to AHTT. The Proposed Directors are of the view that the above measures are adequate to safeguard the Memories Group's interests in dealing with Phoenix Voyages pursuant to the Collaboration Agreement.

(c) Hotels Segment

In the Hotels Segment, we do not generally extend credit terms to customers. In special cases or for key customers, we typically offer 30-day credit terms. Payment is generally made before or upon arrival. However, during the peak season, we generally request a non-refundable deposit in advance from all customers.

5.8.2 **Credit terms from our suppliers**

As at 31 March 2015, 31 March 2016, 31 March 2017 and 30 June 2017, the Memories Group's trade payables balances were approximately US$605,000, US$422,000, US$560,000 and US$693,000 respectively. Our corresponding trade payables turnover days for FY2015, FY2016 and FY2017 were 33.5, 30.0, 26.8 and 130.8 respectively. Trade payables increased to 130.8 days in 3M2018 as a result of a substantial decrease in cost of sales due to non-peak season in Myanmar tourism industry.

"Trade payables turnover days" means the average trade payables balance divided by cost of sales, multiplied by the number of days.

"Average trade payables balance" means the average of the opening and closing trade payables balances for the relevant financial year/period.

"Number of days" means the number of calendar days in the relevant financial year/period.

(a) Experiences Segment

In relation to the BOB Business, one of our key purchases is envelopes which SLTG will typically make payment in three (3) tranches: (i) upon the supplier's receipt of the purchase order; (ii) upon shipment of the envelopes; and (iii) upon receipt of the envelopes in Myanmar. In general, our envelope supplier does not offer credit terms.

(b) Services Segment

The hotel suppliers to the DMC Business generally offer a consolidated monthly invoice with 30-day credit terms.

The airline suppliers to the DMC Business generally require an upfront deposit and full payment by the date of ticket issuance.

Payment terms for guides of the DMC Business are generally negotiated on a case by case basis. Typically payments are made to guides upfront before the start of the relevant tour.

Entrance fees for tourist attractions, as well as payments to local restaurants and other small scale suppliers, are paid at the time of entry to the relevant attraction or rendering of services, as the case may be.

(c) Hotels Segment

Generally our suppliers for the Hotels Segment do not offer credit terms to us. The majority of our suppliers for the Hotels Segment comprise food and beverage providers.

5.8.3 **Inventory**

Due to the nature of our business, the Memories Group does not maintain a high level of inventory as food and beverage are perishables, while the other inventories such as merchandise and souvenirs are readily available and could be purchased from suppliers at any time. Accordingly, it is not meaningful to calculate the inventory turnover days of the Memories Group.

5.9 Seasonality

The tourism industry in Myanmar is affected by seasonality, primarily due to changes in the weather during the year. The rainy season which runs from June to September and the hot season which runs from April to May are generally perceived as the non-peak seasons for travelling to Myanmar.

Due to seasonality as explained above, the Memories Group's operations usually perform best during the six-month period from October to March. During the non-peak season from April to September, the BOB Business is not operational, while the DMC Business experiences lower tourist arrivals and the HAL Business has lower occupancy. Therefore, it is expected that the Memories Group's interim financial results for the third and fourth quarters of the FY would generally be better than the results for the first and second quarters of the FY.

Despite the seasonal fluctuation, we adopt year-round business strategies to manage seasonality to drive sales, primarily relying on our pricing strategies, product-mix, marketing strategies and resources management.

For instance, during the non-peak season when the BOB Business is not operating hot-air balloon flights, more focus is given to advance marketing activities and carrying out operational optimisation for the upcoming peak season.

5.10 Research and Development

Over the past three (3) financial years, the Memories Group did not undertake research and development activities due to the nature of its business. Please refer to Section 5.11 of Part B of this Circular entitled "Business Development Efforts" for our business development activities.

5.11 Business Development Efforts

We engaged in a variety of business development efforts over the past three (3) financial years.

In the Experiences Segment, we are active in exploring new product ideas including expanding the BOB Business operations in the Inle Lake region and looking into other potential hot-air balloon destinations. We are also looking into broadening the spectrum of other offerings, including exploring opportunities relating to trekking, village excursions, boating and cultural experiences.

In respect of the Services Segment, we are exploring methods to expand the customer base primarily through (i) the expansion into markets outside of our existing main markets for the DMC Business, such as China and Singapore; and (ii) expanding the online platform capabilities of the DMC Business to cater to direct sales to end-customers. The DMC Business is also continuously looking into discovering new tourism destinations in Myanmar to enrich the experiences that we can offer to tourists, and is also monitoring new offerings of our competitors.

In respect of the Hotels Segment, we are looking into developing new types of accommodation to diversify the options available to guests. For instance, one of the end-products of these efforts was the introduction of the Sky Dome Villa at Hpa An Lodge in FY2017.

5.12 Intellectual Property

In Myanmar, there is neither specific trademark law nor a trademark office. Instead, there is a simple trademark registration procedure based upon the Governmental Direction on Trademark Registration Purpose (Direction 13/1962 or the "**Trademark Direction**").

In order to register a trademark under the Trademark Direction, the trademark owner must register a Declaration of Ownership of Trademark ("**Trademark Declaration**") with the Office of the Registration of Deeds and once the registration is approved, the Trademark Declaration is annotated as proof of due registration. The registration is perpetual and does not expire and does not require renewal. While under Myanmar law it is technically the use of a trademark which confers ownership to the first user of the mark, it is the registered Trademark Declaration that provides *prima facie* proof of ownership of a trademark. This prima facie proof is material in any situation where ownership of the mark needs to be asserted against a third-party (such as, for example, against an infringer of the mark).

Save as disclosed in Part B of this Circular, we do not own or use any other patents, trademarks or intellectual property on which our business or profitability is materially dependent on.

As at the Latest Practicable Date, the Memories Group has registered declarations of ownerships with the Office of the Registration of Deeds in Myanmar in respect of the following trademarks:

Trademark	Owner	Territory	Specification of Goods/Services	Date of Declaration
Memories GROUP	MM Myanmar	Myanmar	**International Class 25:** Clothing, footwear and headgear **International Class 35:** Advertising, business management, business administration and office functions **International Class 39:** Transport, packaging and storage of goods and travel arrangement **International Class 41:** Education, providing of training and entertainment; sporting and cultural activities **International Class 43:** Services for providing food and drink and temporary accommodation	10 March 2017

Trademark	Owner	Territory	Specification of Goods/Services	Date of Declaration
Memories Group	MM Myanmar	Myanmar	**International Class 25:** Clothing, footwear and headgear **International Class 35:** Advertising, business management, business administration and office functions **International Class 39:** Transport, packaging and storage of goods and travel arrangement **International Class 41:** Education, providing of training, entertainment and sporting and cultural activities **International Class 43:** Services for providing food and drink and temporary accommodation	10 March 2017

Trademark	Owner	Territory	Specification of Goods/Services	Date of Declaration
BOB Business				
	SLTG	Myanmar	**International Class 25:** Clothing, footwear and headgear **International Class 39:** Transport, packaging and storage of goods and travel arrangement	1 March 2011
	SLTG	Myanmar	**International Class 25:** Clothing, footwear and headgear **International Class 39:** Transport, packaging and storage of goods and travel arrangement	1 March 2011
	SLTG	Myanmar	**International Class 25:** Clothing, footwear and headgear **International Class 39:** Transport, packaging and storage of goods, travel arrangement	1 March 2011
	SLTG	Myanmar	**International Class 25:** Clothing, footwear and headgear **International Class 39:** Transport, packaging and storage of goods and travel arrangement	1 March 2011

Trademark	Owner	Territory	Specification of Goods/Services	Date of Declaration
	SLTG	Myanmar	**International Class 25:** Clothing, footwear and headgear **International Class 39:** Transport, packaging and storage of goods and travel arrangement	1 March 2011
Balloons over Bagan	SLTG	Myanmar	**International Class 12:** Vehicles and apparatus for locomotion by land, air or water **International Class 25:** Clothing, footwear and headgear **International Class 39:** Transport, packaging and storage of goods and travel arrangement **International Class 41:** Education, providing of training, entertainment and sporting and cultural activities **International Class 43:** Services for providing food and drink and temporary accommodation	28 April 2017

Trademark	Owner	Territory	Specification of Goods/Services	Date of Declaration
Balloons over Inle	SLTG	Myanmar	**International Class 12:** Vehicles and apparatus for locomotion by land, air or water **International Class 25:** Clothing, footwear and headgear **International Class 39:** Transport, packaging and storage of goods and travel arrangement **International Class 41:** Education, providing of training, entertainment and sporting and cultural activities **International Class 43:** Services for providing food and drink and temporary accommodation	28 April 2017
HAL Business[1]				
HPA-AN LODGE MYANMAR	TLH	Myanmar	Hotel services	23 November 2016
DMC Business[2]				
Asia Holidays	AHTT	Myanmar	Travel and tours services	6 December 2016

Notes:

(1) Domain name for HAL Business, "www.hpa-an-lodge.com".

(2) Domain name for DMC Business, "www.phoenixvoyages.com" and "www.asiaholidays.info".

We have also applied for the registration in Singapore of the below trademarks that we intend to use under the "Memories Group" brand name. Such applications are currently being processed as at the Latest Practicable Date.

Trademark	Applicant	Proposed Territory	Proposed Specification of Goods/Services	Date of Application
	MM Myanmar	Singapore	**Class 25:** Clothing, footwear and headwear **Class 35:** Advertising, business management, business administration and office functions **Class 39:** Transport, packaging and storage of goods and travel arrangement **Class 41:** Education, providing of training, entertainment and sporting and cultural activities **Class 43:** Services for providing food and drink and temporary accommodation	3 April 2017

Trademark	Applicant	Proposed Territory	Proposed Specification of Goods/Services	Date of Application
	MM Myanmar	Singapore	**Class 35:** Advertising, business management, business administration and office functions **Class 39:** Transport, packaging and storage of goods and travel arrangement **Class 41:** Education, providing of training, entertainment and sporting and cultural activities	3 April 2017

5.13 Staff Training

The Memories Group has a structured training programme which includes an employee orientation programme as well as on-the-job training.

An extensive training programme is adopted by the Memories Group's Hotels Segment. To emphasise the Memories Group's branding, it implements various levels of service workshops and a code of conduct and employee handbook.

In relation to the BOB Business, we regularly provide health and safety training to our staff. We also require that all pilots, technicians and operators are sufficiently trained to ensure the BOB Business adheres to its safety assurance standards, and we support ongoing training for these employees in this respect.

5.14 Insurance

As at the Latest Practicable Date, the Memories Group has taken out the following insurance policies:

BOB Business

(a) SLTG has taken out the following policies during the BOB Operating Season:

(i) certificate of aviation insurance in respect of the balloons used in connection with the BOB Business;

(ii) third party liability insurance and insurance for damage suffered by the relevant motor vehicles, in respect of the motor vehicles used in connection with the BOB Business; and.

(iii) medical insurance with respect to certain of the pilots deployed under the BOB Business, pursuant to their seasonal engagement as independent contractors for the BOB Operating Season.

BL Business

(b) CIL has not taken out or maintained any insurance because it is not currently operating any business and/or commercial activities.

DMC Business

(c) AHTT has taken out public liability insurance in respect of legal liability to third parties arising from AHTT's business operations against (i) bodily injury to third parties; and (ii) loss of or damage to third party property.

HAL Business

(d) TLH has taken out fire insurance in respect of any loss or damage caused by fire or lightning to the Hpa An Lodge.

PHL Business

(e) PHLHML has taken out the following policies:

(i) construction "all risks" insurance in respect of certain physical loss or physical damage arising out of the Pun Hlaing Lodge construction; and

(ii) third party liability insurance in respect of the Pun Hlaing Lodge construction.

Irregularities or issues in relation to insurance

(a) Previous inability to obtain third party liability insurance for certain motor vehicles under the BOB Business

The Myanmar Insurance Law 1993 requires owners of motor vehicles to secure third party liability insurance for such vehicles.

Certain vintage motor vehicles used to transport guests in the BOB Business were previously not insured, as SLTG was previously unable to find local insurers with the ability to insure such vehicles due to the age and unique features of the vehicles and the limited insurance products available in Myanmar. As at the Latest Practicable Date, SLTG has obtained third party liability insurance in respect of the motor vehicles used in connection with the BOB Business.

The Motor Vehicle Law 2015 provides that no one shall use or be allowed to use a vehicle in public places without third party liability insurance, and the failure to comply with this shall result in a fine and/or imprisonment terms.

As at the Latest Practicable Date, no enforcement action or enforcement notification in respect of the failure to obtain third party liability insurance for certain motor vehicles under the BOB Business has been taken or issued by the relevant authority and the Proposed Directors are of the reasonable opinion that such enforcement action is not likely to occur in the immediate foreseeable future since SLTG has obtained third party liability insurance for the relevant motor vehicles.

(b) Compliance with insurance requirements under the MIL Rules

In addition, the MIL Rules provide that every investor that holds an MIC Permit or an MIC Endorsement for tax incentives must have taken out the following types of insurance based on the nature of the business (i) property and business interruption insurance; (ii) engineering insurance; (iii) professional liability insurance; (iv) professional accident insurance; (v) marine insurance; and (vi) workmen compensation insurance. This is a relatively recent requirement issued on 31 March 2017 and as at the Latest Practicable Date, no guidelines have been issued by the MIC in relation to the categories of businesses that would require such insurance policies.

PHLHML holds an MIC Permit and is thus subject to the abovementioned insurance requirements under the MIL Rules. Pursuant to consultation with Myanma Insurance, PHLHML obtained its insurance policies in 12 May 2017. In addition, in light of the general reference to obtaining insurance under the MIL Rules, we are in the process of commencing consultation with Myanma Insurance on SLTG's insurance policies. In the event that the relevant authorities clarify that any of these insurance policies are required for any of the Memories Businesses, we will take steps to comply with such requirements, to the extent we have not already done so.

Save as disclosed above, the Proposed Directors are of the view that our insurance policies are adequate for our existing operations. The Proposed Directors will review the adequacy of our insurance coverage in relation to our businesses as and when the need arises.

Please refer to Section 8 of Part B of this Circular entitled "Risk Factors" for further details on potential risks in relation to insurance coverage.

5.15 Licences, Permits and Approvals

5.15.1 **Licences, Permits and Approvals**

In the course of conducting the legal due diligence, KCY has advised that it has taken reasonable steps (in the context of conditions, practices and limitations in Myanmar) to verify and confirm based on such steps taken, that the Asset Holding Companies hold all material licences, permits and Approvals required for the Memories Business, save as disclosed in this Section 5.15, Section 8 of Part B of this Circular entitled "Risk Factors" and Section 13 of Part B of this Circular entitled "Regulations Overview".

For a summary of the relevant laws and regulations applicable to the Memories Group, please refer to Section 13 of Part B of this Circular entitled "Regulations Overview".

The following table sets out the main licences, permits, approvals, certificates and awards issued and/or granted to the Memories Group as at the Latest Practicable Date which are essential for the business operations of the Memories Group.

To the best of the Proposed Directors' knowledge, save as disclosed in this section 5.15, Section 8 of Part B of this Circular entitled "Risk Factors" and Section 13 of Part B of this Circular entitled "Regulations Overview", the Memories Group has obtained all necessary permits, approvals and licences required for its business and operations as at the Latest Practicable Date.

Memories Business[10]	Licence/Permit	Purpose	Issuing authority/ Regulatory body	Date of grant		Expiry date
BOB Business[9]	MIC Endorsement (BOB MIC Endorsement)[1]	Passenger transport business by hot-air balloon	MIC	5 July 2017		5 July 2067
	Tour Operation Enterprise Licence[2]	• Tours operator (inbound/ outbound) tours • Travel agent (inbound/ outbound) tours	Directorate of Hotels and Tourism	16 November 2015		15 November 2017
	Tourist Transport Business Licence[2]	To carry out tour transport (balloon)	Directorate of Hotel and Tourism	23 December 2015		22 December 2017[12]
	Air Operator Certificate[3]	Air operation	Department of Civil Aviation	27 October 2016		30 October 2018
	Certificates of Registration[3]	Air operation	Department of Civil Aviation	**Aircraft Serial Number** 1. 1350 2. 1351 3. 1410 4. 1444 5. 1445 6. 1453 7. 1454	**Based on Aircraft Serial Number** 1. 31.10.2011 2. 31.10.2011 3. 31.10.2012 4. 7.11.2013 5. 7.11.2013 6. 7.11.2013 7. 7.11.2013	Not applicable.[4]

Memories Business[10]	Licence/Permit	Purpose	Issuing authority/ Regulatory body	Date of grant		Expiry date
				8. 1455	8. 11.11.2014	
				9. 1456	9. 11.11.2014	
				10. 11825	10. 8.12.2014	
				11. 11828	11. 8.12.2014	
				12. 11919	12. 16.11.2015	
				13. 11917	13. 9.12.2015	
				14. 11918	14. 9.12.2015	
				15. 11994	15. 22.11.2016	
				16. 11993	16. 13.01.2017	
				17. 11995	17. 22.11.2016	

Memories Business[10]	Licence/Permit	Purpose	Issuing authority/ Regulatory body	Date of grant		Expiry date
	Certificates of Airworthiness[3]	Air operation	Department of Civil Aviation	Aircraft Serial Number	Based on Aircraft Serial Number	Based on Aircraft Serial Number[12]
				1. 1351	1. 31.10.2011	1. 31.12.2016
				2. 1350	2. 31.10.2011	2. 31.12.2016
				3. 1410	3. 31.10.2012	3. 31.12.2016
				4. 1444	4. 15.11.2013	4. 14.11.2017
				5. 1445	5. 15.11.2013	5. 14.11.2017
				6. 1453	6. 15.11.2013	6. 14.11.2017
				7. 1454	7. 15.11.2013	7. 14.11.2017
				8. 1455	8. 11.11.2014	8. 10.11.2017
				9. 1456	9. 11.11.2014	9. 10.11.2017
				10. 11825	10. 8.12.2014	10. 7.12.2017
				11. 11828	11. 8.12.2014	11. 8.12.2017
				12. 11919	12. 16.11.2015	12. 15.11.2017
				13. 11917	13. 9.12.2015	13. 22.11.2017

Memories Business[10]	Licence/Permit	Purpose	Issuing authority/ Regulatory body	Date of grant		Expiry date
				14. 11918	14. 9.12.2015	14. 22.11.2017
				15. 11994	15. 22.11.2016	15. 7.12.2017
				16. 11995	16. 22.11.2016	16. 15.11.2017
				17. 11993	17. 13.01.2017	17. Not available
	MCAR Part M Subpart F Maintenance Organisation Approval Certificate	Air operation	Department of Civil Aviation	13 November 2017		13 November 2018
	Motor Vehicle Registration	Road transport	Road Transport Administration Department	Subject to periodic renewals		The dates of expiry of such licences range from August 2017 to November 2018[12].
	Petroleum Licences	Air operation	Ministry of Electricity and Energy	6 January 2017		31 December 2017[12]
	Radio communication Apparatus Licence[4]	Air operation	Postal Telecommunications Department	The dates of grant of such licences range from November 2008 to December 2016.		The dates of expiry of such licences range from October 2017 to November 2017[12].

Memories Business[10]	Licence/Permit	Purpose	Issuing authority/ Regulatory body	Date of grant	Expiry date
	Construction Permit	Constructing buildings on the property	City Development Committee of Nyaung U Township	6 April 2017	The building must be constructed within 6 months from the date of the permit. Any extension of the construction period shall be subject to the permission of the City Development Commission of Nyaung U Township.
	Seasonal licences[12]				
	Permission to operate balloons within the Cultural Heritage Region	Operate sightseeing balloon services over Nyaung U-Bagan	GAD of Nyaung U, Township	1 October 2017	30 April 2018
	Nyaung U City Development Committee Business Licence	To carry out operations in Nyaung U City Development	Nyaung U City Development Committee	1 April 2017	31 March 2018
	Pilot Licences	Air operation	Department of Civil Aviation	The dates of grant of such licences range from 8 September 2017 to 14 September 2017	The dates of expiry of such licences range from 13 December 2017 to 31 March 2018
PHL BUSINESS	MIC Permit (Amended PHLHML MIC Permit)[6]	Five-star hotel services	MIC	31 August 2016	31 August 2066
	Construction Permit	Constructing buildings on the property	Yangon City Development Committee	13 November 2015	12 November 2016[7]

Memories Business[10]	Licence/Permit	Purpose	Issuing authority/ Regulatory body	Date of grant	Expiry date
HAL BUSINESS	Hotel and Lodging-House Business Licence[8]	Hotel and lodging business	Directorate of Hotel & Tourism	8 December 2015	7 December 2017[11]
DMC BUSINESS	Tour Operation Enterprise Licence	Tour program services (domestic/ inbound)	Directorate of Hotels & Tourism	25 September 2016	24 September 2018

Notes:

(1) As SLTG used to hold a MIC Permit under the old MCIL (the "**SLTG MCIL MIC Permit**"), the MIC had previously approved the conversion of SLTG from a company operating under the MCIL to a foreign owned company on 6 January 2017. Pursuant to the First BOB MIC Endorsement, the MIC approved the investment in "Passenger Transport Business by Hot-Air Balloon" under the name of SLTG and acknowledged BOB SPV as a foreign investor of 60.0% of SLTG and allowed the transfer of the 60.0% shares of SLTG to BOB SPV. The approval is without the issuance of a new MIC Permit and the MIC had also separately indicated to SLTG that the MIC did not consider it necessary for the MOTC to be consulted in relation to such transfer of shares. The First BOB MIC Endorsement is to be amended by a further approval to be obtained from the Amended BOB MIC Endorsement pursuant to which MIC acknowledges BOB SPV as a foreign investor of 40.0% of SLTG. As at the Latest Practicable Date, SLTG has not obtained the Amended BOB MIC Endorsement but expects to obtain the same prior to Completion of the Proposed Acquisition.

(2) Issued in the name of DKOW as representative of SLTG. The Tour Operation Enterprise Licence in respect of the BOB Business expired on 15 November 2017. As at the Latest Practicable Date, SLTG had submitted an application to the Directorate of Hotel & Tourism to renew the Tour Operation Enterprise Licence, and the foregoing application is still being processed. As at the Latest Practicable Date, the Proposed Directors expect that the Tour Operation Enterprise Licence in respect of the BOB Business will be renewed by Completion of the Proposed Acquisition. Please refer to item 4 of the table set out in Section 5.15.2 of Part B of the Circular for further details of the status of the Tour Operation Enterprise Licence in respect of the BOB Business, including the implications to the Enlarged Group if such permission and permit is not obtained.

(3) The Air Operator Certificate has been issued to SLTG for operation of the BOB Business, while the certificates of registration and certificates of airworthiness have been issued in respect of the balloons used for the BOB Business.

(4) The registration of an aircraft will remain valid unless the aircraft is transferred, destroyed or permanently withdrawn from use.

(5) These licences are issued in respect of the various types of radio equipment used or to be used in connection with the BOB Business and SLTG has obtained or is in the process of renewing such licences since the start of the BOB Operating Season.

(6) On 13 July 2017, the MIC issued a letter approving an increase in PHLHML's capital commitment, the transfer of 99.0% of the issued shares of PHLHML held by YDG to PHL SPV, and 1.0% of the issued shares of PHLHML held by SPA Project Management to MM Myanmar, as well as the amendment of the name of the principal organisation set out in the MIC Permit from YDG to PHL SPV, to be effected in the Amended PHLHML MIC Permit.

(7) This refers to the construction permit earlier obtained by PHL which has since expired. PHLHML had on 17 October 2016 submitted an application to the Yangon City Development Committee for the issuance of a new construction permit and had on 8 June 2017 submitted an application to the MOHT for construction permission and these applications are being processed as at the Latest Practicable Date. As at the Latest Practicable Date, the Proposed Directors expect that the foregoing construction permit and construction permission to be obtained by PHLHML by Completion of the Proposed Acquisition. Please refer to item 5 of the table set out in Section 5.15.2 of Part B of the Circular for further details of the status of the MOHT construction permission and YCDC construction permit, including the implications to the Enlarged Group if such permission and permit is not obtained.

(8) Issued in the name of MMT as representative of TLH.

(9) As at the Latest Practicable Date, SLTG has not obtained the MIC approval for the "Balloons over Inle" operations. SLTG had on 18 September 2017 submitted an application to the MIC ("**Business Expansion Application**") and it is expected that SLTG will receive a response from MIC on the Business Expansion Application by the end of October 2017.

Please refer to item 2 of the table set out in Section 5.15.2 of Part B of the Circular for further details of the status of the Business Expansion Application, including the implications to the BOB Business if such application is not approved.

(10) As at the Latest Practicable Date, as CIL is not currently operating any business and/or carrying on commercial activities, there are no permits, licences or approvals required to be obtained by CIL.

(11) As at the Latest Practicable Date, the HLBL, which authorises TLH to operate the HAL Business as a hotel business, is the main and is the material permit/licence required for the HAL Business, and KCY has taken reasonable steps (within the context of practices/conditions/limitations in Myanmar) to verify that TLH has a valid HLBL which authorises TLH to operate the HAL Business as a hotel business.

Apart from the HLBL, a business licence from the Hpa An City Development Committee is required for the HAL Business as it operates a restaurant on the hotel premises. Please refer to item 6 of the table set out in Section 5.15.2 of Part B of the Circular for further details of the status of the business licence to be issued by the Hpa An City Development Committee, including the implications to the Enlarged Group if such licence is not obtained.

(12) The BOB Business requires certain licences, permits and approvals for its business, for instance certificates of airworthiness for its balloons, licences for its pilots and radio communication apparatus licences, which are required to be obtained or to be in force only when the hot-air balloons are in operation during the BOB Operating Season, or which are subject to annual or other periodic renewals, for instance motor vehicle registrations.

As at the Latest Practicable Date, save for the views of the MOTC on the permitted level of shareholding interest of SLTG which may have to be taken into account in connection with the renewal of the Air Operator Certificate which is expiring on 30 October 2018, the Proposed Directors do not reasonably foresee any material impediments with regard to the renewal of any of such licences, permits and approvals which have expired or are about to expire , as SLTG had successfully renewed/obtained such licences in previous BOB Operating Seasons.

As the BOB Operating Season for 2017/2018 has just been launched in early October 2017, SLTG is still in the midst of, and has not completed the obtaining of all the necessary seasonal and other relevant licences, permits and approvals required, although some of them have already been secured as at the Latest Practicable Date, and SLTG does not foresee any difficulty in renewing/obtaining such licences, permits and approvals in a timely manner, or that our businesses or operations may have to be ceased or be materially disrupted as a result of any failure or delay to obtain such licences, permits and approvals.

In the event of the non-renewal of these licences, permits and approvals, the Memories Group may not be able to carry out the relevant activities as specified under each relevant licence, permits and approvals. Please refer to the risk factor entitled "Our ability to continue our business is dependent on regulatory approvals, which may be revoked in the event we are found to be in non-compliance with applicable Laws and regulations" in Section 8.1 of Part B of this Circular entitled "Risk Factors" on the implications if these licences are not renewed.

5.15.2 **Irregularities or issues in relation to licences, permits and approvals**

As further elaborated in the table below, there are certain irregularities and uncertainties regarding certain licences, permits and approvals of the Memories Group which may potentially be considered as non-compliances with the terms of such licences, permits and approvals (collectively, the "**Permits Irregularities**"). While the Permits Irregularities have certain potential implications, the Proposed Directors are of the reasonable opinion that there are certain possible reasons or circumstances which may arguably mitigate the relevant risks arising from the Permits Irregularities, as further elaborated in the table below.

KCY has also noted the opinions or views expressed by the Proposed Directors in the table below as to the possible reasons or circumstances which may arguably mitigate the relevant risks arising from the Permits Irregularities and while KCY does not render any opinion on the same, since such opinions and/or views of the Proposed Directors are based on or otherwise take into account commercial considerations, such opinions and/or views of the Proposed Directors appear to KCY to have been reasonably formed in the context of practices, conditions and limitations in Myanmar as at the Latest Practicable Date.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
1.	BOB Business	**Renewal of Air Operator Certificate** SLTG's existing Air Operator Certificate expires on 30 October 2018, and SLTG will need to seek the approval of MOTC for the renewal of the certificate prior to its expiry in order to continue the BOB Business. The BOB Business may be deemed to fall within the ambit of Domestic Air Transport services which, under the MIL and the MIC Notification No 15/2017 promulgated in 2017, is an investment activity which is subject to the approval of the MOTC. As part of the process in obtaining the BOB MIC Endorsement, MIC had indicated to SLTG that the MIC did not consider it necessary for the MOTC to be consulted in relation to such transfer of shares, as earlier requested by SLTG.	In the event that MOTC raises any objections to the shareholding structure of SLTG, SLTG may not be able to renew its Air Operator Certificate which will expire on 30 October 2018.	The Proposed Directors are of the reasonable opinion that the risk of SLTG not being able to renew the Air Operator Certificate is mitigated by the following considerations: 1. BOB SPV has acquired 40.0% of the issued shares in SLTG which is in line with the prevailing policy of the MOTC and the DCA. SLTG had also engaged in initial discussions with the DCA in August and September 2017, following the receipt of First BOB MIC Endorsement, and there has been no suggestion from the DCA that a shareholding ratio of 40.0% ownership by foreigners would be objectionable. Furthermore, SLTG has been advised by the MIC that the MIC will be consulting and seeking the views of the MOTC regarding the applicable investment restrictions/required joint venture ratio prior to MIC's issuance of approval for the Amended BOB MIC Endorsement. Accordingly, the Memories Group does not expect the acquisition of the 40.0% of issued shares in SLTG to affect its renewal of its Air Operator Certificate.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
		Since the MOTC has not been consulted in connection with the transfer of shares of SLTG to BOB SPV, it is not certain if the MOTC may raise any objections to the shareholding structure of SLTG and/or require SLTG to have a lower foreign shareholding interest as a condition for renewing the SLTG's existing Air Operator Certificate. The Memories Group understands that according to prevailing policy, the MOTC and the DCA impose a requirement that foreign investors should not hold more than 49.0% of the issued share capital of a business conducting commercial air transport services, and further, there are additional laws and regulations pertaining to the registration of aircrafts where foreign investors may hold no more than 40.0% of the issued share capital in a company owning particular categories of aircraft.		2. The Company is entitled, on the terms of the Buyback Undertaking (BOB Business and BL Business), to effect the Potential Buyback in relation to the BOB Business if at any time on or prior to 31 December 2018, BOB SPV is required to reduce its ownership of shares in SLTG to below a 40.0% shareholding percentage as a condition or requirement of, or otherwise in connection with, the obtaining, renewing or maintaining of the Air Operator Certificate, the Tour Operation Enterprise Licence and Tourist Transport Business Licence for the purposes of the BOB Business. Pursuant to and subject to the terms of the RTO SPA, the BOB Vendors have agreed to indemnify and hold harmless the Enlarged Group from and against all losses based upon, arising out of or otherwise in respect of any material inaccuracy in or any material breach of any of the Warrantors' Warranties given by the BOB Vendors under the RTO SPA. Such Warrantors' Warranties provide, *inter alia*, that all Approvals necessary or required under the Applicable Laws have been obtained for the carrying on of the BOB Business and operations of SLTG, there are no circumstances which indicate that any of the Approvals is likely to be revoked or modified, and none of the Approvals have been breached or is likely to be suspended, cancelled, reused, modified or revoked.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
2.	BOB Business	**Operations in the Inle Lake region outside of scope of permitted activities under the SLTG MCIL MIC Permit** The scope of activities permitted under the SLTG MCIL MIC Permit previously issued to SLTG was limited to carrying out the hot-air balloon passenger transport business in Bagan.	The operations of the BOB Business in the Inle Lake Region was not included by the MIC in the underlying investment approvals of SLTG, which are the SLTG MCIL MIC Permit and/or the BOB MIC Endorsement, and SLTG would have to specifically apply for the MIC's approval (which may include an application for the issue of a MIC Permit) to operate its business outside of the permitted scope under the SLTG MCIL MIC Permit and/or the BOB MIC Endorsement, namely, to operate in Bagan as well as outside of Bagan. Therefore, there is a risk that the MIC may take enforcement action against SLTG for such breach of the terms and conditions of its SLTG MCIL MIC Permit and/or the BOB MIC Endorsement and the investment Laws.	The Proposed Directors are of the reasonable opinion that the risks arising from the operations in the Inle Lake region being outside of the scope of permitted activities under the SLTG MCIL MIC Permit are mitigated by the following considerations: 1. Although the DCA is a different authority from the MIC, the Air Operator Certificate obtained by SLTG from the DCA, a line ministry overseeing commercial hot-air balloon flights, is a key permit which allows SLTG to currently operate hot-air balloons in the Inle Lake region. 2. SLTG's Inle Lake region operations have been reported periodically to the MIC as part of its obligations under Myanmar Investment Rules ("**MIR**") and the MIC is not unaware of its activities, even though the SLTG MCIL MIC Permit was not updated to include the Inle Lake region operations. The MIR provides that a MIC Permit holder must, during the operation period under the MIC Permit, submit its operating report quarterly in the prescribed form. For the period prior to the issuance of the MIR (i.e. 30 March 2017), the old Foreign Investment Rules likewise required such a similar performance report on a quarterly basis.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
			For breaches or violations of the terms of the SLTG MCIL MIC Permit, the MIC has the discretion to impose administrative penalties on SLTG such as (a) censure; (b) temporary suspension of business; (c) temporary suspension of tax exemptions and reliefs; (d) revocation of a permit or an endorsement; or (e) addition of the business to a blacklist for which no permit or endorsement shall be issued in the future.	3. In the course of SLTG's application for a MIC Endorsement where SLTG also requested for the MIC to include the Inle Lake region operations, the MIC had expressly informed SLTG to submit a separate application to the MIC to seek an expansion of the scope of permitted activities for SLTG under the BOB MIC Endorsement to include SLTG's operations in the Inle Lake region ("**Business Expansion Application**") as the SLTG MCIL MIC Permit previously issued to SLTG was limited to carrying out the hot-air balloon passenger transport business in Bagan. 4. SLTG had on 18 September 2017 submitted the Business Expansion Application to the MIC but has not received approval from the MIC as at the Latest Practicable Date. It is expected that SLTG will receive a response from MIC on the Business Expansion Application by Completion and SLTG shall endeavour to obtain the approval for the Business Expansion Application prior to the Completion of the Proposed Acquisition, which will rectify the previous omission.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				5. The Proposed Directors are confident that SLTG would be able to obtain the Business Expansion Application given the track record and reputation of the BOB Business. Notwithstanding the foregoing, in the event the MIC does not give SLTG an immediate outright approval for the Business Expansion Application, SLTG will seek the necessary clarification or confirmation from the MIC. 6. As at the Latest Practicable Date, no enforcement action or enforcement notification in respect of SLTG's Inle Lake region operations has been taken or issued by the MIC, and the Proposed Directors are of the reasonable opinion that such enforcement action is not likely to occur in the immediate foreseeable future since the MIC has granted the First BOB MIC Endorsement to SLTG and SLTG's operations in the Inle Lake region has been previously reported to the MIC, the Business Expansion Application is currently being processed by the MIC, and SLTG has obtained the Air Operator Certificate for the Inle Lake region issued by the DCA.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				7. Pursuant to and subject to the terms of the RTO SPA, the BOB Vendors have agreed to indemnify and hold harmless the Enlarged Group from and against all losses based upon, arising out of or otherwise in respect of any material inaccuracy in or any material breach of any of the Warrantors' Warranties given by the BOB Vendors under the RTO SPA. 8. Such Warrantors' Warranties provide, *inter alia*, that all Approvals necessary or required under the Applicable Laws have been obtained for the carrying on of the BOB Business and operations of SLTG, there are no circumstances which indicate that any of the Approvals is likely to be revoked or modified, and none of the Approvals has been breached or is likely to be suspended, cancelled, refused, modified or revoked. 9. SLTG currently only operates two (2) out of 14 balloons in the Inle Lake region and the Inle Lake region operations do not form a material part of SLTG's operations.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				10. Accordingly, in the event that the Business Expansion Application is not approved and/or the MIC takes enforcement actions against the BOB Business which results in the cessation of operations in the Inle Lake region, the Proposed Directors do not foresee this to have a material impact on the Memories Group's operations, financial performance and position as SLTG only operates two (2) hot-air balloons in the Inle Lake region.
3.	BOB Business	**Non-compliance with requirement to report particulars of foreign employees to the MIC** SLTG has previously omitted to submit details of the foreign personnel (including the pilots) which it has engaged in connection with the BOB Business to the MIC for the MIC's approval.	For breaches or violations of the terms of the SLTG MCIL MIC Permit, the MIC has the discretion to impose administrative penalties on SLTG such as (a) censure; (b) temporary suspension of business; (c) temporary suspension of tax exemptions and reliefs; (d) revocation of a permit or an endorsement; or (e) addition of the business to a blacklist for which no permit or endorsement shall be issued in the future.	The Proposed Directors are of the reasonable opinion that the risks arising from the non-compliance with the requirement to report particulars of foreign employees to the MIC are mitigated by the following considerations: 1. SLTG will be taking steps to obtain such approvals by the MIC under the MIL and its regulations for the appointment of foreign experts, and obtain the necessary foreign worker's registration cards, where required by the MIC, for the pilots in connection with each BOB Operating Season.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				2. As at the Latest Practicable Date, no enforcement action (including administrative penalties such as censure, temporary suspension of business or temporary suspension of tax exemptions and reliefs) or enforcement notification has been taken or issued by the MIC, and the Proposed Directors are of the reasonable opinion that such enforcement action is not likely to occur in the immediate foreseeable future since SLTG will be in compliance with the applicable requirements once it has received the MIC's approval and obtained the foreign worker's registration cards for the foreign personnel (including the pilots) engaged in connection with the BOB Business. 3. Pursuant to and subject to the terms of the RTO SPA, the BOB Vendors have agreed to indemnify and hold harmless the Enlarged Group from and against all losses based upon, arising out of or otherwise in respect of any material inaccuracy in or any material breach of any of the Warrantors' Warranties given by the BOB Vendors under the RTO SPA. Such Warrantors' Warranties provide, *inter alia*, that all Approvals necessary or required under the Applicable Laws have been obtained for the carrying on of the BOB Business and operations of SLTG, there are no circumstances which indicate that any of the Approvals is likely to be revoked or modified, and none of the Approvals has been breached or is likely to be suspended, cancelled, reused, modified or revoked.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
4.	BOB Business	**Lack of Tour Operation Enterprise Licence** The Tour Operation Enterprise Licence in respect of the BOB Business expired on 15 November 2017.	The failure to obtain the Tour Operation Enterprise Licence may constitute a breach of the Applicable Laws of the relevant authority.	The Proposed Directors are of the reasonable opinion that the risks arising from the lack of the Tour Operation Enterprise Licence are mitigated by the following considerations: 1. SLTG had in November 2017 submitted an application for renewal of the Tour Operation Enterprise License but has not as at the Latest Practicable Date obtained the renewal of the Tour Operation Enterprise Licence. Barring any unforeseen circumstances, the Memories Group expects to obtain the Tour Operation Enterprise Licence by Completion of the Proposed Acquisition. 2. As at the Latest Practicable Date, the Proposed Directors are of the reasonable opinion that no enforcement action is likely to occur in the immediate foreseeable future, particularly by virtue of the fact that the application for the renewal of the Tour Operation Enterprise Licence has been submitted and accepted for processing in November 2017.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				3. Pursuant to and subject to the terms of the RTO SPA, the BOB Vendors have agreed to indemnify and hold harmless the Enlarged Group from and against all losses based upon, arising out of or otherwise in respect of any material inaccuracy in or any material breach of any of the Warrantors' Warranties given by the BOB Vendors under the RTO SPA. 4. Such Warrantors' Warranties provide, inter alia, that all Approvals necessary or required under the Applicable Laws have been obtained for the carrying on of the BOB Business and operations of SLTG, there are no circumstances which indicate that any of the Approvals is likely to be revoked or modified, and none of the Approvals have been breached or is likely to be suspended, cancelled, reused, modified or revoked.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
5.	PHL Business	**Lack of MOHT Construction Permission and YCDC Construction Permit** PHL's previous construction permit from Yangon City Development Committee ("**YCDC Construction Permit**") had expired and it had also not sought the permission from MOHT ("**MOHT Construction Permission**") during the earlier construction of Pun Hlaing Lodge. Following the transfer of the PHL Business to PHLHML, PHLHML had on 17 October 2016 and 8 June 2017 submitted the application for, but has not as at the Latest Practicable Date obtained, the MOHT Construction Permission and the YCDC Construction Permit for, the benefit of PHLHML respectively.	PHLHML will not be able to undertake the construction of Pun Hlaing Lodge pending the obtaining of the MOHT Construction Permission and the YCDC Construction Permit. PHLHML has placed the construction of Pun Hlaing Lodge on hold pending the receipt of the MOHT Construction Permission and the YCDC Construction Permit.	The Proposed Directors are of the reasonable opinion that the risks arising from the lack of the MOHT Construction Permission and the YCDC Construction Permit are mitigated by the following considerations: 1. The construction work in progress for PHL was substantially undertaken pursuant to the old construction permit issued to PHL, until PHLHML took over the PHL Business. PHLHML has suspended construction as of the Latest Practicable Date pending the final approval and issue of the MOHT Construction Permission and the YCDC Construction Permit. 2. It is expected that PHLHML will obtain the MOHT Construction Permission and the YCDC Construction Permit by Completion of the Proposed Acquisition and PHLHML will be able to re-commence the construction of Pun Hlaing Lodge thereafter. 3. It is further expected that despite the current suspension of construction, PHLHML will be able to complete the construction of Pun Hlaing Lodge by FY2019 as required under the terms of the Amended PHLHML MIC Permit.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				4. As at the Latest Practicable Date, no enforcement action (including suspension or demolishment order) or enforcement notification has been taken or issued by the relevant authorities, and the Proposed Directors are of the reasonable opinion that such enforcement action is not likely to occur in the immediate foreseeable future since the construction of Pun Hlaing Lodge was undertaken by PHL instead of PHLHML, and PHLHML has not undertaken the construction of Pun Hlaing Lodge pending the receipt of the MOHT Construction Permission and the YCDC Construction Permit. 5. Pursuant to and subject to the terms of the RTO SPA, the PHL Vendor has agreed to indemnify and hold harmless the Enlarged Group from and against all losses based upon, arising out of or otherwise in respect of any material inaccuracy in or any material breach of any of the Warrantors' Warranties given by the PHL Vendor under the RTO SPA. Such Warrantors' Warranties provide, *inter alia*, that all planning and construction Approvals required under Applicable Laws have been obtained for all development construction alterations and improvements to the PHL Land.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
6.	HAL Business	**Lack of business licence issued by the Hpa An City Development Committee** TLH does not have a business licence issued by the Hpa An City Development Committee which, based on recent enquiries with the relevant authorities, should be obtained as the HAL Business operates a restaurant within the Hpa An Lodge.	The failure to obtain a business licence may constitute a breach of the Applicable Laws of the relevant authority.	The Proposed Directors are of the reasonable opinion that the risks arising from the lack of the business licence are mitigated by the following considerations: 1. TLH had on 22 September 2017 submitted an application for the business licence but has not as at the Latest Practicable Date obtained such business licence. Barring any unforeseen circumstances, the Memories Group expects to obtain the business licence by Completion of the Proposed Acquisition. 2. As at the Latest Practicable Date, the Proposed Directors note that there have been no investigations, enforcement action or enforcement notification taken or issued by the relevant authorities since the commencement of the HAL Business, and accordingly, the Proposed Directors are of the reasonable opinion that no enforcement action is likely to occur in the immediate foreseeable future, particularly by virtue of the fact that the application for the business licence has been submitted and accepted for processing on 22 September 2017 and the relevant authorities have been made aware of these irregularities but have not commenced any enforcement action.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				3. Pursuant to and subject to the terms of the JMR Deed of Warranty and Undertaking, JMR has agreed to indemnify and hold harmless the Enlarged Group from and against all losses based upon, arising out of or otherwise in respect of any material inaccuracy in or any material breach of any of the Warrantors' Warranties given by him under the JMR Deed of Warranty and Undertaking. Such Warrantors' Warranties provide, *inter alia*, that all Approvals necessary or required under the Applicable Laws have been obtained for the carrying on of the HAL Business and operations of TLH, there are no circumstances which indicate that any of the Approvals is likely to be revoked or modified, and none of the Approvals has been breached or is likely to be suspended, cancelled, refused, modified or revoked.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
7.	HAL Business	**Lack of hotel construction permit issued by the MOHT**	The hotel construction permit is one of the supporting documents to be submitted to the MOHT for the issuance of a HLBL and the failure to obtain the hotel construction permit may result in the MOHT not processing the application for, or withholding the issue of, the HLBL.	The Proposed Directors are of the reasonable opinion that the risks arising from the lack of the hotel construction permit are mitigated by the following considerations: 1. Despite the lack of the hotel construction permit, TLH had nevertheless previously obtained the said HLBL from the MOHT for the HAL Business. 2. As at the Latest Practicable Date, no enforcement action or enforcement notification has been taken or issued by the relevant authorities for the failure to obtain the hotel construction permit, and the Proposed Directors are of the reasonable opinion that no enforcement action is likely to occur in the immediate foreseeable future. 3. Pursuant to and subject to the terms of the JMR Deed of Warranty and Undertaking, JMR has agreed to indemnify and hold harmless the Enlarged Group from and against all losses based upon, arising out of or otherwise in respect of any material inaccuracy in or any material breach of any of the Warrantors' Warranties given by him under the JMR Deed of Warranty and Undertaking. Such Warrantors' Warranties provide, *inter alia*, that all planning and construction Approvals required under Applicable Laws have been obtained for all development construction alterations and improvements to the HAL Land.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
8.	HAL Business	**Lack of building completion certificate**	If a person is utilising or occupying a building before the issue of a building completion certificate then he or she may be liable for monetary penalties and/or imprisonment under the laws passed by the relevant city development committee.	The Proposed Directors are of the reasonable opinion that the risks arising from the lack of the building completion certificate are mitigated by the following considerations: 1. Although TLH did not previously obtain a building completion certificate with respect to the completion of the construction of the Hpa An Lodge on the HAL Land, a letter was issued by the Township Municipal Affairs Committee of Hpa An Township, GAD of Hpa An Township, to certify that the building on the HAL Land has been constructed in accordance with the construction permit. Accordingly, the Proposed Directors are of the reasonable opinion that the issue has been fully resolved. 2. With respect to past non-compliance, it is often a matter of practice in Myanmar that entities and individuals often occupy and use buildings even before the grant of a building completion certificate, without sanctions from the relevant authorities because the process of issuing a building completion certificate is often protracted.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				3. As at the Latest Practicable Date, no enforcement action or enforcement notification has been taken or issued by the relevant authorities for the failure to obtain the building completion certificate, and the Proposed Directors are of the reasonable opinion that no enforcement action is likely to occur in the immediate foreseeable future since as a matter of practice in Myanmar, entities and individuals have occupied and used buildings even before the grant of a building completion certificate, without sanctions from the relevant authorities. 4. Pursuant to and subject to the terms of the JMR Deed of Warranty and Undertaking, JMR has agreed to indemnify and hold harmless the Enlarged Group from and against all losses based upon, arising out of or otherwise in respect of any material inaccuracy in or any material breach of any of the Warrantors' Warranties given by him under the JMR Deed of Warranty and Undertaking. Such Warrantors' Warranties provide, *inter alia*, that all planning and construction Approvals required under Applicable Laws have been obtained for all development construction alterations and improvements to the HAL Land.

5.16 Properties and Fixed Assets

Details of our material properties and fixed assets held or owned by us and details of our leases as at the Latest Practicable Date are set out below.

5.16.1 Properties related to the BOB Business

BOB Land

Holder of land use/ occupancy right	Location	Approximate area	Period of land use right	Encumbrances	Usage
SLTG	Plot No. 225, Block No. 1444 Ngat Pyit Taung, Ward No. 3, Nyaung U Township, Nyaung U District, Mandalay Region[(1)(3)]	0.147 acres	Land grant for a period of 30 years from 23 March 2017, renewable up to a maximum period of 90 years from 23 March 2017	None	SLTG operations centre
SLTG	Plot No. 114, Block No. 1444 Ngat Pyit Taung, Ward No. 3, Nyaung U Township, Nyaung U District, Mandalay Region[(1)(3)]	0.147 acres	Land grant for a period of 30 years from 23 March 2017, renewable up to a maximum period of 90 years from 23 March 2017	None	SLTG operations centre
SLTG	Plot No. 165, Block No. 1444 Ngat Pyit Taung, Ward No. 3, Nyaung U Township, Nyaung U District, Mandalay Region[(1)(3)]	0.147 acres	Land grant for a period of 30 years from 23 March 2017, renewable up to a maximum period of 90 years from 23 March 2017	None	SLTG operations centre
SLTG	Plot No. 132, Block No. 1444 Ngat Pyit Taung, Ward No. 3, Nyaung U Township, Nyaung U District, Mandalay Region[(1)(3)]	0.147 acres	Land grant for a period of 30 years from 23 March 2017, renewable up to a maximum period of 90 years from 23 March 2017	None	SLTG operations centre
SLTG	Plot No. 216, Block No. 1444 Ngat Pyit Taung, Ward No. 3, Nyaung U Township, Nyaung U District, Mandalay Region[(1)(3)]	0.147 acres	Land grant for a period of 30 years from 23 March 2017, renewable up to a maximum period of 90 years from 23 March 2017	None	SLTG operations centre

Holder of land use/ occupancy right	Location	Approximate area	Period of land use right	Encumbrances	Usage
Daw Khin Ommar Win	Plot No. 9, Block No. (EE), Aung May Thar Ward, No. 6 Ward, Nyaung U Township[2][3]	0.147 acres	–[4]	None	Parking and storage
Daw Khin Ommar Win	Plot No. 10, Block No. (EE), Aung May Thar Ward, No. 6 Ward, Nyaung U Township[2][3]	0.147 acres	–[4]	None	Parking and storage
Daw Khin Ommar Win	Plot No. 11, Block No. (EE), Aung May Thar Ward, No. 6 Ward, Nyaung U Township[2][3]	0.147 acres	–[4]	None	Parking and storage
Daw Khin Ommar Win	Plot No. 15, Block No. (EE), Aung May Thar Ward, No. 6 Ward, Nyaung U Township[2][3]	0.147 acres	–[4]	None	Parking and storage

Notes:

(1) These properties collectively comprise the 5 Plots of BOB Land.

(2) These properties collectively comprise the 4 Plots of BOB Land.

(3) The 5 Plots of BOB Land and 4 Plots of BOB Land collectively comprise the BOB Land.

(4) As the right to the 4 Plots of BOB Land is in the nature of land permits held by DKOW, they do not confer any ownership rights or interests, including providing for the period of land use. The holding of the 4 Plots of BOB Land by DKOW on behalf of SLTG was in part a historical arrangement entered into prior to the YSH Group's acquisition of an interest in SLTG and in part due to the 4 Plots of BOB Land being classified as farmland subject to existing land permits issued in favour of DKOW (which do not confer any ownership rights or interests, and are not capable of transfer or sale).

The BOB Land, which is used in connection with the BOB Business, is held by CIL in the manner as further elaborated below.

Pursuant to the terms of the BOB Land Agreement, SLTG has transferred to CIL, and CIL holds the beneficial interest, in respect of the 5 Plots of BOB Land, although as at the Latest Practicable Date, the land grants in respect of the 5 Plots of BOB Land ("**BOB Land Grants**") are held in the name of SLTG. An application to transfer the 5 Plots of BOB Land from SLTG to CIL has been submitted to the relevant authority and is being processed as at the Latest Practicable Date.

Pursuant to the terms of the BOB Land Agreement, SLTG has also agreed with CIL for the 4 Plots of BOB Land, which were originally held by DKOW for and on behalf of SLTG, to be held by DKOW for and on behalf of CIL.

However, as the 4 Plots of BOB Land are currently held under land permits (which do not confer any ownership rights or interests, and are not capable of transfer or sale) issued in favour of DKOW, CIL's interest in the 4 Plots of BOB Land is subject to the proper vesting of ownership rights and interests in the 4 Plots of BOB Land in CIL in accordance with Applicable Laws. Pursuant to the terms of the BOB Land Agreement, DKOW has undertaken to execute any document and do anything else reasonably required by SLGT and/or CIL to obtain the necessary Approvals for SLTG to use the 4 Plots of BOB Land for all purposes contemplated under or in connection with the BOB Business.

5 plots of BOB land

As mentioned above, an application has been submitted for the transfer of the land grant in respect of the 5 Plots of BOB Land from SLTG to CIL, which is currently under processing by the relevant authorities as at the Latest Practicable Date, and an application to the MIC for MIC Endorsement of the Long Term Lease of the 5 Plots of BOB Land in favour of SLTG can be made only after completion of such transfer.

In the event SLTG is unable to obtain the MIC Endorsement for the Long Term Lease of the 5 Plots of BOB Land, its right to continue to occupy and/or use the 5 Plots of BOB Land will have to be under Short Term Leases to be granted to it by CIL (after CIL obtains title to the 5 Plots of BOB Land following the transfer of such land by SLTG to CIL), which CIL has agreed and undertaken to do pursuant to the terms of the BOB Land Agreement.

The Proposed Directors are of the reasonable opinion that the risks arising from any failure or delays in SLTG being able to obtain a Long Term Lease of the 5 Plots of BOB Land may be mitigated by the following considerations:

(a) Currently, title to the land grant in respect of the 5 Plots of BOB Land lies with SLTG, and will lie with CIL after the transfer is effected.

(b) The BL DOA and BL POA will remain in force and CIL will remain a member of the Enlarged Group, whose financial results and position will be consolidated into the Enlarged Group's financial results and position pending the MIC Endorsement being obtained to allow SLTG to obtain the Long Term Lease of the 5 Plots of BOB Land from CIL.

(c) SLTG will continue to have the right to continue to occupy and/or use the 5 Plots of BOB Land under Short Term Leases to be granted to it by CIL (after CIL assumes title to the 5 Plots of BOB Land following the transfer of such land by SLTG to CIL), which CIL has agreed and undertaken to do pursuant to the terms of the BOB Land Agreement.

(d) The Purchase Consideration agreed between the Company and the Vendors did not take into consideration the value of the 5 Plots of BOB Land.

(e) The book value of the 5 Plots of BOB Land in the audited financial statements of SLTG as at 31 March 2017 is not material.

4 Plots of BOB Land

Any commercial usage of the 4 Plots of BOB Land is subject to the proper vesting of ownership rights and interests in the 4 Plots of BOB Land in CIL in accordance with Applicable Laws and subject to the relevant regulatory approvals being obtained for the use of the 4 Plots of BOB Land, as the 4 Plots of BOB Land are currently held under land permits issued to DKOW (who holds it for and on behalf of SLTG) which do not confer any ownership rights or interests and are not capable of transfer or sale.

For this purpose, the approval of the relevant authorities will be required*, inter alia,* for: (a) the 4 Plots of the BOB Land to be converted from farmland, which may only be used for agricultural purposes, into land that may be "used for other means"; and (b) land grants to be issued in respect of the 4 Plots of BOB Land in place of the land permits currently being held by DKOW. Such land grants may be issued in favour of DKOW or to CIL at her direction, and whereupon an application can be made to the MIC for MIC Endorsement of the Long Term Lease of the 4 Plots of BOB Land in favour of SLTG.

Pending the occurrence of the foregoing, the Memories Group can neither develop or use the 4 Plots of BOB Land for commercial or industrial purposes nor apply for or obtain MIC Endorsement for the Long Term Lease of the 4 Plots of BOB Land. In addition, since the 4 Plots of BOB Land will not be capable of transfer, assignment or sale, the Memories Group may not be able to transfer the 4 Plots of BOB Land to third parties or otherwise obtain any value for the 4 Plots of BOB Land in connection with any future disposal of the BOB Business.

Notwithstanding the foregoing, the Proposed Directors are of the reasonable opinion that the risks arising from any failure or delays in CIL being able to obtain ownership rights or interests in respect of the 4 Plots of BOB Land and/or SLTG being able to obtain a Long Term Lease of the 4 Plots of BOB Land may be mitigated by the following considerations:

(a) DKOW has agreed under the terms of the BOB Land Agreement to execute any document and do anything else reasonably required by SLTG and/or CIL to convert the 4 Plots of BOB Land into land in respect of which a land grant is able to be obtained and to obtain the necessary Approvals for SLTG to use the 4 Plots of BOB Land for all purposes contemplated under or in connection with the BOB Business.

(b) There is no material use of the 4 Plots of BOB Land contemplated in connection with the BOB Business, and they are currently temporarily being used for parking and storage purposes.

(c) The Purchase Consideration agreed between the Company and the Vendors did not take into consideration the value of the 4 Plots of BOB Land.

(d) The book value of the 4 Plots of BOB Land in the audited financial statements of SLTG as at 31 March 2017 is not material.

Leases

Lessee	Lessor	Location	Approximate area	Period of land use right	Usage
SLTG	Mr Thet Tun Aung	Residential house land situated facing the compound of Myanmar Milestones Travels & Tours Co., Ltd, Pha Yar Gyi Village, Taung Chay Min Sa Kut area, Nyaung Shwe Township(1)	0.276 acres	Lease for a period of two (2) years from 1 August 2016 to 31 July 2018	Inle branch office of SLTG
SLTG	Mr Zaw Naing	Yarzathingyan Street, no. 5 area, extended Thiripyitsayar Ward, Nyaung U Township(2)	0.008 acres	Lease for a period of three (3) years from 1 August 2015 to 31 July 2018	Ticketing sales desk
SLTG	Mr Kyaw Thint	Residential building and warehouse on Plot No. 500, 602, 603, 604 and 605, YinnNalLay Ward, North St, South-Anawyathar St, West-Land, East-Street, Thitipyitsayar Ward, No. 5 Ward, Nyaung U Township	14.692 acres	Lease for a period of three (3) years from 1 April 2015 to 31 March 2018	Operation centre, fuel storage, vehicle parking, catering and small office
SLTG	Mr Chit Han	Building and land on Plot No. 19, 72/Ywar Ma Kwin Street, Ta Mae Village, Pin Ta Ya Township(4)	0.134 acres	Lease for a period of five (5) years from 1 September 2015 to 31 August 2020	Accommodation for passengers
SLTG	Mr Tun Shwe	Block No. 64, Pwae Sar Kone Ward, Min Chang Ward, Nyaung Shwe Township(1)	0.580 acres	Lease for a period of three (3) years from 1 July 2015 to 30 June 2018	Storage

Lessee	Lessor	Location	Approximate area	Period of land use right	Usage
SLTG	Ms Yi Yi Win	Land, building and its benefit which is located at Kyone Street, Nandawun 4 Ward, Nyaung Shwe Township(1)	0.055 acres	Lease for a period of one (1) year from 1 April 2017 to 31 March 2018	Branch office
SLTG	Swiss Hospitality Group Co., Ltd.	Three office units #105+108+203 (ground floor with 2 separate rooms & 1st floor with 1 separate room) at the Swiss Business Office Centre	0.023 acres	Lease for a period of one (1) year from 1 June 2017 to 31 May 2018	Office unit
SLTG	CIL/DKOW	BOB Land	Please see table above under "BOB Land"	Please see note 3 below	Please see table above under "BOB Land"

Notes:

(1) These long-term lease agreements for properties in the Inle Lake region were earlier submitted by SLTG to the MIC for approval in connection with the application for the BOB MIC Endorsement but the MIC has indicated that SLTG should apply for approval of these three (3) long-term lease agreements for properties in the Inle Lake region in conjunction with the application for the Business Expansion Application, and an application for such approval was submitted to MIC on 19 September 2017.

(2) The long-term lease agreement for this property in Bagan (approximate area of 0.008 acres) was earlier submitted by SLTG to the MIC for approval in connection with the application for the BOB MIC Endorsement, but the MIC has not given its approval as at the Latest Practicable Date, which may be due to an administrative error as the MIC has approved the long-term lease agreement for another property in Bagan (Plot No. 500, 602, 603, 604 and 605 with approximate area of 14.692 acres) which was submitted together for approval in connection with the application for the BOB MIC Endorsement. A further application for approval of this long-term lease was submitted on 19 September 2017 in conjunction with the application for the Business Expansion Application and barring any unforeseen circumstances, the Proposed Directors expect that the approval of this long-term lease agreement will be obtained from the MIC together with the Business Expansion Application.

(3) Under the BOB Land Agreement, CIL has agreed that after it obtains the land grant in respect of 5 Plots of the BOB Land, and assuming it obtains a land grant in respect of the 4 Plots of BOB Land, it shall grant SLTG successive Short Term Leases of the relevant BOB Land, pending the obtaining of MIC Endorsement for the grant of a Long Term Lease in respect of the relevant BOB Land in favour of CIL.

(4) SLTG had on 31 October 2017 assigned the rights and interest in the lease to CIL.

5.16.2 **Properties related to the BL Business**

BL Land

Holder of land use/ occupancy right	Location	Approximate area	Period of land use/occupancy right	Encumbrances	Usage
Mr Tun Tun (on behalf of CIL)/CIL	Plot A, Plot No. 6A, Block No. 9 Ywar Thit N, 4 Ward, Nyaung U Township, Nyaung U District, Mandalay Region(1)	0.500 acres	Land grant for a period of 30 years from 25 October 2005, renewable up to a maximum period of 90 years from 25 October 2005	None	Held by CIL for purposes of developing the BL Business
Mr Tun Tun (on behalf of CIL)/CIL	Plot A, Plot No. 6B, Block No. 9 Ywar Thit N, 4 Ward, Nyaung U Township, Nyaung U District, Mandalay Region(1)	0.500 acres	Land grant for a period of 30 years from 25 October 2005, renewable up to a maximum period of 90 years from 25 October 2005	None	Held by CIL for purposes of developing the BL Business
Mr Tun Tun (on behalf of CIL)/CIL	Plot A, Plot No. 6D, Block No. 9 Ywar Thit N, 4 Ward, Nyaung U Township, Nyaung U District, Mandalay Region(1)	0.500 acres	Land grant for a period of 30 years from 25 October 2005, renewable up to a maximum period of 90 years from 25 October 2005	None	Held by CIL for purposes of developing the BL Business
Mr Tun Tun (on behalf of CIL)/CIL	Plot A, Plot No. 6E and 7A, Block No. 9 Ywar Thit N, 4 Ward, Nyaung U Township, Nyaung U District, Mandalay Region(1)	0.470 acres	Land grant for a period of 30 years from 25 October 2005, renewable up to a maximum period of 90 years from 25 October 2005	None	Held by CIL for purposes of developing the BL Business
Mr Tun Tun (on behalf of CIL)/CIL	Plot A, Plot No. 6F and 7B, Block No. 9 Ywar Thit N, 4 Ward, Nyaung U Township, Nyaung U District, Mandalay Region(1)	0.480 acres	Land grant for a period of 30 years from 25 October 2005, renewable up to a maximum period of 90 years from 25 October 2005	None	Held by CIL for purposes of developing the BL Business
Mr Tun Tun (on behalf of CIL)/CIL	Plot A, Plot No. 6G, Block No. 9 Ywar Thit N, 4 Ward, Nyaung U Township, Nyaung U District, Mandalay Region(1)	0.500 acres	Land grant for a period of 30 years from 25 October 2005, renewable up to a maximum period of 90 years from 25 October 2005	None	Held by CIL for purposes of developing the BL Business

Holder of land use/ occupancy right	Location	Approximate area	Period of land use/occupancy right	Encumbrances	Usage
Mr Tun Tun (on behalf of CIL)/CIL	Plot A, Plot No. 6H, Block No. 9 Ywar Thit N, 4 Ward, Nyaung U Township, Nyaung U District, Mandalay Region(1)	0.500 acres	Land grant for a period of 30 years from 25 October 2005, renewable up to a maximum period of 90 years from 25 October 2005	None	Held by CIL for purposes of developing the BL Business
Mr Tun Tun (on behalf of CIL)/CIL	Plot B, Plot No. 7D, Block No. 9 Ywar Thit N, 4 Ward, Nyaung U Township, Nyaung U District, Mandalay Region(1)	0.493 acres	Land grant for a period of 30 years from 12 January 2009, renewable up to a maximum period of 90 years from 12 January 2009	None	Held by CIL for purposes of developing the BL Business
CIL	Plot D, Plot No. 9, Block No. 9 Ywar Thit N, 4 Ward, Nyaung U Township, Nyaung U District, Mandalay Region(1)	0.029 acres	Freehold	None	Held by CIL for purposes of developing the BL Business
CIL	Plot D, Plot No. 10, Block No. 9 Ywar Thit N, 4 Ward, Nyaung U Township, Nyaung U District, Mandalay Region(1)	0.058 acres	Freehold	None	Held by CIL for purposes of developing the BL Business
CIL	Plot B, Plot No. 13, Block No. (12 Yoon Tan & Za Yat Gyi Zay), 2 Ward, Nyaung U Township, Nyangin U District, Mandalay Region(1)	0.122 acres	Freehold	None	Held by CIL for purposes of developing the BL Business
CIL	Plot C, Plot No. 12, Block No. (12 Yoon Tan & Za Yat Gyi Zay), 2 Ward, Nyaung U Township, Nyangin U District, Mandalay Region(1)	0.129 acres	Freehold	None	Held by CIL for purposes of developing the BL Business

Holder of land use/ occupancy right	Location	Approximate area	Period of land use/occupancy right	Encumbrances	Usage
Mr Tun Tun (on behalf of CIL)/CIL	Plot E, Plot No. 11, Block No. (12 Yoon Tan & Za Yat Gyi Zay), 2 Ward, Nyaung U Township, Nyangin U District, Mandalay Region(1)	0.029 acres	Land grant for a period of 30 years from 12 January 2009, renewable up to a maximum period of 90 years from 12 January 2009	None	Held by CIL for purposes of developing the BL Business

Note:

(1) The plots of land under the land grants (collectively the "**BL Land Grants**") and the freehold plots of land collectively comprise the BL Land.

Leases

Lessee	Lessor	Location	Approximate area	Period of land use right	Usage
SLTG	Mr Chit Han	Building and land on Plot No. 19, 72/Ywar Ma Kwin Street, Ta Mae Village, Pin Ta Ya Township(1)	0.134 acres	Lease for a period of five years from 1 September 2015 to 31 August 2020	Accommodation for passengers

Note:

(1) SLTG had on 29 September 2017 assigned the rights and interest in the lease to CIL.

5.16.3 Properties related to the DMC Business

Lease

Lessee	Lessor	Location	Approximate area	Period of land use/occupancy right	Usage
AHTT	Swiss Hospitality Group Co., Ltd.	First floor of Swiss Business Office Centre, Office Unit #FF6-8	182 m^2	From 20 October 2017	Office

5.16.4 **Properties related to the HAL Business**

HAL Land

Holder of land use/ occupancy right	Location	Approximate area	Period of land use/occupancy right	Encumbrances	Usage
MMT	Plot No. 2/2, Block No. OSS-66/Hta Ma Lout Kyay Tine Pyin, Tawpoon Village Tract Ward, Hpa An District, Hpa An Township, Karen State(1)	0.610 acres	10 years from 6 October 2016 without power of renewal(2)	None	Site of the Hpa An Lodge
MMT	Plot No. 3/1, Block No. OSS-66/Hta Ma Lout Kyay Tine Pyin, Tawpoon Village Tract Ward, Hpa An District, Hpa An Township, Karen State(1)	1.050 acres	10 years from 6 October 2016 without power of renewal(2)	None	Site of the Hpa An Lodge
MMT	Part of Plot No. 4/2, Block No. OSS-66/Hta Ma Lout Kyay Tine Pyin, Tawpoon Village Tract Ward, Hpa An District, Hpa An Township, Karen State(1)	0.820 acres	10 years from 6 October 2016 without power of renewal(2)	None	Site of the Hpa An Lodge

Notes:

(1) The plots of land collectively comprise the HAL Land.

(2) This is the Short Term Lease issued in the name of MMT pursuant to the HAL Issued Document ("**HAL Land Grant**").

Pursuant to the HAL Land Grantee Undertaking, MMT has acknowledged that he holds the HAL Land on behalf of TLH and has undertaken to procure the transfer of the HAL Land to TLH. An application to transfer the HAL Land from MMT to TLH has been submitted to the relevant authority and such application is being processed by the relevant authority as at the Latest Practicable Date.

Lease

Lessee	Lessor	Location	Approximate area	Period of land use/occupancy right	Usage
TLH	Swiss Hospitality Group Co., Ltd.	Fourth floor of Swiss Business Office Centre, Office Unit #301	117 ft	1 June 2017 and ending on 31 May 2018	Office

5.16.5 **Properties related to the PHL Business**

Leases

Lessee	Lessor	Location	Approximate area	Period of land use/occupancy right	Usage
PHLHML	PHL[(1)]	Plot No. 121, Plot B, Land Record Ward No. 12, Residential Ward No. Pun Hlaing Golf Club Housing, Hlaing Thayar Township, Yangon[(2)]	2.196 acres	Long Term Lease for an initial period of 50 years from 1 July 2017	Site of the Pun Hlaing Lodge

Notes:

(1) Comprises the PHL Land. As at the Latest Practicable Date, there is an existing mortgage created over the PHL Land by PHL in favour of Kanbawza Bank Limited (the "**Mortgagor**"). The Mortgagor is aware of, and has consented and otherwise has no objections to the execution and delivery of the Long Term Lease of the PHL Land by PHL in favour of PHLHML, as evidenced by, *inter alia*, the Mortgagor taking the necessary steps to assist or facilitate the registration of the Long Term Lease of the PHL Land with the relevant land authority on 19 September 2017.

(2) PHL holds the PHL Land Grant which is a land grant dated 1 June 2015 issued in favour of PHL for a period of up to 60 years commencing from 1 June 2015. The terms of the PHL Land Grant provides that if the prescribed or revised rentals for the first 30 years have been duly paid and all the covenants under the PHL Land Grant have been complied with, the grantee shall notify the Department of Human Settlement and Housing Development of Myanmar ("**DHSHD**") in writing at least six (6) months prior to the completion of the first 30 years for the renewal/continuation of the grant. The DHSHD shall issue a new land grant with similar covenants for another 30 years within six (6) months after receipt of the grantee's notice provided that the first land grant has been submitted together with the said notice of renewal/continuation by the grantee to the DHSHD.

The PHL Land is part of the Pun Hlaing Estate ("**PHE**"). The PHE land was historically farm land which was acquired by the government from the previous occupants of the land, before being leased to Hlaing River Golf and Country Club Limited ("**HRGCCL**") (then a joint venture company between a related company of YSH and the relevant authority acquiring the land) for development.

There were historical land issues in relation to the PHE land in the form of widespread claims from individuals for additional compensation for the land that they had previously occupied ("**PHE Land Claims Issue**"), and HRGCCL was ordered by the government to place monies into a compensation fund in escrow to settle actual and potential claims from previous occupants of the PHE land. The amount paid into the compensation fund was determined by the government, and YSH paid its pro rata share of such compensation amount of US$4.8 million in 2014. Since then, the assessment of claims made or to be made by claimants and the administration of the compensation fund to settle such claims have all been managed by the relevant authorities.

To the best of the Proposed Directors' knowledge, there should be no further claims or liabilities arising from the PHE Land Claims Issue against HRGCCL following the resolution of the matter as aforesaid, and even if there were, this should not have any impact on PHLHML, since it is neither the historical nor current owner of the land development rights for the PHL Land. However, as it is not certain if all potential claims or claimants in relation to the PHE Land Claims Issue have been fully addressed and resolved, and if the PHE Land Claims Issue has otherwise been fully concluded as at the Latest Practicable Date, the PHL Vendor has, pursuant to and subject to the terms of the RTO SPA, agreed to indemnify and save harmless the Company from any losses or liabilities which PHLHML may suffer or incur as a result of or in connection with the same. This indemnity is not subject to any limitations of liability under the terms of the Supplemental SPA and the indemnity shall remain in full force and effect notwithstanding Completion of the Proposed Acquisition.

Other fixed Assets

Our property, plant and equipment also include 17 hot-air balloons under the BOB Business which have an aggregate net book value of approximately US$1.0 million as at 30 June 2017.

5.16.6 **Construction**

We are carrying out, or contemplating carrying out, the following construction works as at the Latest Practicable Date:

(a) Construction of Pun Hlaing Lodge on the PHL Land

The construction of the Pun Hlaing Lodge commenced on the PHL Land in FY2016 for the purposes of developing an "urban resort" in the Pun Hlaing Estate. As at the Latest Practicable Date, the construction of Pun Hlaing Lodge is still in progress and is expected to be completed in FY2019. For further details on the key project specifications on which the Memories Group envisages the Pun Hlaing Lodge will be developed, please refer to Section 5.2.3 of Part B of this Circular.

The total committed capital expenditure for this construction is estimated to amount to approximately US$19.8 million (out of which US$12.0 million comprises the Company Funded Costs). As at the Latest Practicable Date,

approximately US$11.8 million has been expended. The remaining capital expenditure for the construction will potentially be funded by internally generated funds, bank loans and partially from the net proceeds to be raised from the Proposed Compliance Placement. It is anticipated that upon completion of its construction, our total hotel rooms in the Hotels Segment shall increase by 46 rooms.

(b) Potential development of BL Land

The Memories Group is currently conducting feasibility studies on the development of a potential commercial and tourism-related hospitality development on the BL Land, and has not commenced any construction or operations. It is currently not possible to provide any estimates in relation to such potential construction.

5.16.7 **Irregularities or issues in relation to land**

As further elaborated in the table below, there are certain irregularities and uncertainty regarding certain terms of our land grants which may potentially be considered as non-compliances with the terms of such land grants (collectively, the "**Land Irregularities**"). While the Land Irregularities have certain potential implications, the Proposed Directors are of the reasonable opinion that there are certain possible reasons or circumstances which may arguably mitigate the relevant risks arising from the Land Irregularities, as further elaborated in the table below. As at the Latest Practicable Date, no enforcement action or enforcement notification has been taken or issued by any relevant authority in respect of any of such Land Irregularities and the Proposed Directors are of the reasonable opinion that such enforcement action is not likely to occur in the immediate foreseeable future, for reasons as elaborated in the table below.

KCY has also noted the opinions or views expressed by the Proposed Directors in the table below as to the possible reasons or circumstances which may arguably mitigate the relevant risks arising from the Land Irregularities and while KCY does not render any opinion on the same, since such opinions and/or views of the Proposed Directors are based on or otherwise take into account commercial considerations, such opinions and/or views of the Proposed Directors appear to KCY to have been reasonably formed in the context of practices, conditions and limitations in Myanmar as at the Latest Practicable Date.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
1.	BL Business and BOB Business	**Uncertainty over the development of BL Land and BOB Land** As the BL Land and BOB Land are located in Bagan which is generally considered to be part of the Restricted Zone (as defined below), there is a possibility that they may be considered as an ancient monumental zone, ancient site zone, or protected and preserved zone or cultural heritage zone ("**Restricted Zone**") by the relevant authorities and in such event, there may be prohibitions or restrictions against the construction of a hotel or any other building for commercial or industrial use on the BL Land and the 4 Plots of BOB Land. Further, the 4 Plots of BOB Land, which is currently classified as farmland, may only be used for commercial purposes after it has been converted and approved by the relevant authorities for commercial use. The 4 Plots of BOB Land may not be converted in the event that it is categorised as falling within the Restricted Zone.	In the event that the BL Land and 4 Plots of BOB Land are demarcated as Restricted Zone, this may restrict the Memories Group's ability to commence or develop the BL Business or to commercially exploit the 4 Plots of BOB Land, which may have a material adverse impact on the expected growth and prospects of our business, financial performance and/or financial condition.	The Proposed Directors are of the reasonable opinion that the risks arising from the uncertainty over the development of the BL Land and the BOB Land are mitigated by the following considerations: (a) The Company is entitled, on the terms of the Buyback Undertaking (BOB Business and BL Business), to effect the Potential Buyback in relation to the BL Business upon the occurrence of any of the following events: (i) if at any time within the period of three (3) years following the Completion of the Proposed Acquisition, a Final Ruling is made by the relevant authorities that the BL Land has been demarcated as part of the Restricted Zone and is otherwise not permitted or approved for any commercial development; (ii) if at any time within the period of three (3) years following the Completion of the Proposed Acquisition, a Final Ruling is made by the MIC to reject the application for MIC Endorsement or MIC Permit (as applicable) for the Long Term Lease of the BL Land or otherwise to deny BL MM Co the right to hold or be granted a Long Term Lease of the BL Land; or

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				(iii) at the end of three (3) years following the Completion of the Proposed Acquisition, either the MIC Endorsement or MIC Permit (as applicable) for the Long Term Lease of the BL Land in favour of BL MM Co has not been obtained, or BL MM Co has otherwise not obtained all relevant approvals as required under the prevailing laws to allow it to hold or be granted a Long Term Lease of the BL Land. (b) The Proposed Directors are of the view that the uncertainty over the development of the 4 Plots of BOB Land would not have a material impact on the Memories Group as there is currently no material use of the 4 Plots of BOB Land contemplated in connection with the BOB Business. (c) While SLTG's construction of its operation centre on the 5 Plots of BOB Land was previously suspended, following its inclusion on a list of 42 buildings in the Bagan area where construction is prohibited, SLTG has since re-commenced construction of the operations centre, following the issue of a new construction permit on 6 April 2017 by the City Development Committee of Nyaung U Township. As at the Latest Practicable Date, the construction of the operation centre has been completed.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
2.	HAL Business	**Uncertainty over permitted use of land in respect of HAL Land** The HAL Land Grant stipulates that the HAL Land and buildings that may be erected thereon shall not be used as a "lodging-house or as a cooly-barrack or for any other purpose other than without the consent in writing of the Deputy Commissioner of the GAD of Hpa An". Based on the wordings in the HAL Land Grant, it would appear *prima facie* that the construction of the Hpa An Lodge and operation of the HAL Business is in breach of the HAL Land Grant ("**Potential HAL Land Breach**").	The Deputy Commissioner of the relevant land issuing authority has the discretion to immediately cancel the land grant and take possession of the land and the buildings and fixtures on the land if the land grantee does not observe or perform any of the covenants under the HAL Land Grant. The permitted use and/or the restriction on the use of the land is a covenant under the HAL Land Grant.	The Proposed Directors are of the reasonable opinion that the risks arising from the Potential HAL Land Breach are mitigated by the following considerations: (a) Prior to the issue of the HAL Land Grant on 6 October 2016, the earlier land use certificate accorded to the HAL Land expressly permitted hotel use for the HAL Land. (b) Given that the relevant authority has issued a letter dated 12 October 2016 in favour of MMT to certify that the building on the HAL Land has been constructed in accordance with the construction permit, and TLH has obtained the HLBL for the HAL Business (although from a different authority), the relevant authority would have been fully aware of the operation of the HAL Business on the HAL Land. (c) The absence of express consent for hotel use may be due to a clerical or administrative error or may reflect the standard form used for land grants in the Hpa An area.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				(d) The relevant authority has so far not investigated or taken any enforcement actions against TLH or MMT in relation to the Potential HAL Land Breach. The Proposed Directors are of the reasonable opinion that it is unlikely for the relevant authorities to take any enforcement action with respect to such irregularities because these are historical and legacy issues. (e) The Memories Group has submitted an application to the relevant authority for the transfer of the HAL Land from MMT to TLH. In conjunction, the Memories Group will also seek clarification from the relevant authority on the usage of the HAL Land in order to rectify the Potential HAL Land Breach. (f) The Memories Group expects any new land grant issued in the name of TLH to clarify or confirm that the HAL Land can be used for a hotel, and for the Potential HAL Land Breach to be rectified accordingly thereafter. (g) The Memories Group understands that such clarification may be obtained beyond Completion due to, *inter alia*, the protraction in the processing by the local authorities arising from the change in relevant officers in charge.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				(h) Notwithstanding the foregoing, the Proposed Directors expect to receive by Completion of the Proposed Acquisition the duly signed, stamped and registered sale and purchase agreement in relation to the transfer of the HAL Land from MMT to TLH, which will confer on TLH certain proprietary rights and interests in the HAL Land. (i) MMT had, pursuant to the HAL Land Grantee Undertaking, acknowledged that he holds all rights, title, and interests in and to the HAL Land (whether past, present or future) in his name for and on behalf of TLH. (j) Pursuant to and subject to the terms of the JMR Deed of Warranty and Undertaking, JMR has agreed to indemnify the Company for all losses arising from the use, access and/or occupation of the HAL Land and the Land Use Discrepancy Areas (as defined below) not being compliant or otherwise in accordance with all Applicable Laws as well as the terms and conditions of any rights, title, or interests (including grant ownership or lease) that HAL Land and the Land Use Discrepancy Areas are subject to. (k) The Proposed Directors are of the reasonable opinion that the potential implications in relation to the Potential HAL Land Breach are not expected to have a material impact on the Memories Group's operations, financial performance and position.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
3.	HAL Business	**Land Use Discrepancy Areas** Based on a land survey carried out by SPA D&P on 9 December 2016 ("**Land Survey Report**"), the HAL Business is likely to be utilising a land area of 0.028 acres in excess of the HAL Land ("**Land Use Discrepancy Areas**"), which is the current vehicle parking area of Hpa An Lodge beyond the buildings or facilities of Hpa An Lodge. Based on the Land Survey Report, the precise coordinates for the HAL Land were not available from official records or from the local land authorities, and the location of the HAL Land determined under the Land Survey Report is only approximate based on the documents provided and all other publicly available information, hence the precise boundaries of the Land Use Discrepancy Areas and the owner thereof cannot be conclusively determined. Accordingly, there is no certainty or assurance that the owner of the Land Use Discrepancy Areas will not seek to reclaim the Land Use Discrepancy Areas in future.	There is no certainty or assurance that the owner of the Land Use Discrepancy Areas will not seek to reclaim the Land Use Discrepancy Areas in the future and/or seek damages against TLH for unauthorised use of the Land Use Discrepancy Areas and/or that the relevant authorities (if applicable) will not impose penalties such as fines on TLH (for instance, for any breach of any Applicable Laws or regulations relating to the use of the Land Discrepancy Areas). In the event that we are unable to use or own or secure a lease of the Land Use Discrepancy Areas, we may incur costs to relocate the affected sections and facilities of Hpa An Lodge to the adjoining land next to the HAL Land which MMT has agreed to grant the HAL Business the exclusive right to use, which may have an adverse impact on our business and operations.	The Proposed Directors are of the reasonable opinion that the risks arising from the Land Use Discrepancy Areas are mitigated by the following considerations: (a) Under the HAL Land Grantee Undertaking, MMT has undertaken to each of TLH and HAL SPV that if at any time for the duration of the operation of the HAL Business, TLH or HAL MM Co is unable to utilise all or any part of the Land Use Discrepancy Areas in connection with the HAL Business (whether as a vehicle parking area or otherwise) for any reason (whether due to any action or decision by a Governmental Body or any change in Applicable Law or otherwise) ("**Un-utilisable Event**"), MMT shall grant TLH (or HAL MM Co in the event that HAL MM Co has acquired the HAL Business at such time) the right to lawfully and exclusively use and occupy for Relevant Value the adjoining land owned by MMT that is equivalent in size to the Land Use Discrepancy Areas that was rendered unusable pursuant to the Un-utilisable Event. (b) Pursuant to and subject to the terms of the JMR Deed of Warranty and Undertaking, JMR has agreed to indemnify the Company for all losses arising from the use, access and/or occupation of the HAL Land and the Land Use Discrepancy Areas not being compliant or otherwise in accordance with all Applicable Laws as well as the terms and conditions of any rights, title, or interests (including grant ownership or lease) that HAL Land and the Land Use Discrepancy Areas are subject to.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				(c) The Land Use Discrepancy Areas of approximately 0.028 acres are currently being used solely as vehicle parking space and represent approximately 1.1% of the HAL Land. The Proposed Directors are of the opinion that the operations of the HAL Business will not be jeopardised even if this portion of land is not able to be utilised in the future because none of the major facilities and services of the HAL Business are situated on the Land Use Discrepancy Areas. (d) The Proposed Directors are of the reasonable opinion that the potential implications in relation to the Land Use Discrepancy Areas are not expected to have a material impact on the Memories Group's operations, financial performance and position.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
4.	PHL Business	**Uncertainty over permitted use in respect of PHL Land** The PHL Land Grant states that the buildings and structures constructed thereon shall only be used for residential purposes, unless the prior written approval of the relevant authority issuing the PHL Land Grant has been obtained.	Failure to obtain the prior written consent of the Department of Urban and Housing Development ("**DUHD**") before undertaking any business and commercial operations on the PHL Land may amount to a breach of the covenants under the PHL Land Grant and thus the DUHD may, among other things, terminate the grant and reclaim the PHL Land, the buildings and structures erected thereon.	The Proposed Directors are of the reasonable opinion that the risks arising from the uncertainty over permitted use in respect of the PHL Land may be mitigated by the following considerations: (a) Since the construction and operation of a hotel on the PHL Land was approved by the MIC, it is likely that (based on the MIC's process and practice of seeking recommendations from relevant ministries prior to issuance of any MIC Permit), as part of PHLHML's MIC Permit application process, the recommendation of all relevant ministries (including the DUHD or its principal Ministry, the Ministry of Construction) had been sought by the MIC for the construction and operation of a hotel, and that the DUHD had not raised objections to the proposed use. It is further noted that the Ministry of Construction had been furnished a copy of PHLHML's MIC Permit which is generally MIC's practice of notifying all relevant ministries.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				(b) Pursuant to and subject to the terms of the RTO SPA, the PHL Vendor has agreed to indemnify and hold harmless the Enlarged Group from and against all losses based upon, arising out of or otherwise in respect of any material inaccuracy in or any material breach of any of the Warrantors' Warranties given by the PHL Vendor under the RTO SPA. Such Warrantors' Warranties provide, *inter alia*, that all covenants, restrictions, burdens, stipulations, conditions and other terms relating to the right of grant ownership or lease in respect of each of the Relevant Land have been observed and performed on the part of the Asset Holding Companies, the relevant Governmental Bodies and other interested persons.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
5.	PHL Business	**Uncertainty over whether there has been compliance with the terms of the land grant in relation to construction period in respect of the PHL Land** The original terms of the PHL Land Grant required the construction of the buildings on the PHL Land to be completed by 1 June 2017.	Failure to complete the relevant construction work within two (2) years from the issue of the PHL Land Grant may amount to a breach of the covenants under the PHL Land Grant and thus the DUHD may, among other things, terminate the grant and reclaim the PHL Land, the buildings and structures erected thereon.	The Proposed Directors are of the reasonable opinion that the risks arising from the uncertainty over the construction period in respect of the PHL Land may be mitigated by the following considerations: (a) The Proposed Directors do not have any reason to believe that any enforcement action will be taken by the relevant authority (DUHD), given that the Ministry of Construction (the Ministry which the DUHD falls under), was likely to have been consulted during the MIC Permit application process, and presumably did not object to the issue of the MIC Permit to PHLHML or otherwise raise any issues in connection with the previous non-compliance with the construction period, as the MIC Permit would not have been issued otherwise. The terms of the MIC Permit issued to PHLHML provides that PHLHML has until 31 August 2018 to complete the construction of Pun Hlaing Lodge. As at the Latest Practicable Date, barring any unforeseen circumstances, the Proposed Directors are of the reasonable opinion that PHLHML will be able to meet this deadline.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				(b) Pursuant to and subject to the terms of the RTO SPA, the PHL Vendor has agreed to indemnify and hold harmless the Enlarged Group from and against all losses based upon, arising out of or otherwise in respect of any material inaccuracy in or any material breach of any of the Warrantors' Warranties given by the PHL Vendor under the RTO SPA. Such Warrantors' Warranties provide, *inter alia*, that all covenants, restrictions, burdens, stipulations, conditions and other terms relating to the right of grant ownership or lease in respect of each of the Relevant Land have been observed and performed on the part of the Asset Holding Companies, the relevant Governmental Bodies and other interested persons.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
6.	BL Business	**Uncertainty over whether there has been compliance with the terms of land grant in relation to construction period in respect of BL Land** The BL Land Grants contain clauses relating to construction deadlines. It is uncertain what the applicable deadlines were as the relevant authority did not delete or strike out the clause that was inapplicable. Accordingly, it is difficult to ascertain if the terms of the BL Land Grants relating to construction periods have been complied with in relation to the restaurant that was constructed and operating on the BL Land prior to the completion of the acquisition of the BL Land by CIL on 12 March 2014.	If a breach of the BL Land Grants is construed, the BL Land Grants provide that the GAD of Nyaung U Township may immediately, and notwithstanding any waiver of any previous breach or right of re-entry, cancel the grant/lease and take possession of the land and the buildings and fixtures that may then be thereon if CIL does not observe and perform the covenants under the BL Land Grants including with respect to the construction period.	The Proposed Directors are of the reasonable opinion that the risks arising from the uncertainty over whether there has been compliance with the terms of land grant in relation to the construction period in respect of the BL Land may be mitigated by the following considerations: (a) Pursuant to and subject to the terms of the RTO SPA, the BL Vendors have agreed to indemnify and hold harmless the Enlarged Group from and against all losses based upon, arising out of or otherwise in respect of any material inaccuracy in or any material breach of any of the Warrantors' Warranties given by the BL Vendors under the RTO SPA. Such Warrantors' Warranties provide, *inter alia*, that all covenants, restrictions, burdens, stipulations, conditions and other terms relating to the right of grant ownership or lease in respect of each of the Relevant Land have been observed and performed on the part of the Asset Holding Companies, the relevant Governmental Bodies and other interested persons.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
7.	BL Business	**Non-payment of full annual land grant fees in respect of certain plots of our land grants** Full annual land grant fees have not been paid to the relevant authorities in respect of several plots of land comprising the BL Land for the period of FY2015 to FY2016 due to an administrative oversight.	Due payment of the land grant fee is a covenant under the land grant and the omission to pay the full land grant fee for the BL Land allows the relevant land issuing authority the discretion to immediately cancel the land grant and take possession of the land and the buildings and fixtures thereon.	The Proposed Directors are of the reasonable opinion that the risks arising from the non-payment of full annual fees in respect of certain plots of BL Land Grants are mitigated by the following considerations: (a) CIL had attempted to rectify the irregularity by attempting to pay the outstanding amount of such annual rental fees in the course of the Restructuring, but the payment was not accepted by the relevant authority. (b) The Proposed Directors are of the reasonable opinion that it is unlikely that the relevant authorities will take any enforcement action with respect to such irregularities because these are historical and legacy issues, and any potential implications are not expected to have a material impact on the Memories Group's operations, financial performance and position. (c) Pursuant to and subject to the terms of the RTO SPA, the BL Vendors have agreed to indemnify and hold harmless the Enlarged Group from and against any and all losses which the Enlarged Group may incur or suffer and/or any and all claims arising out of, based upon or in connection with, whether directly or indirectly, any and all applicable fees and fines in connection with the BL Land Grants.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
8.	BL Business	**Insufficient stamping of land grant in relation to BL Land** At the time of the issuance of the BL Land Grant by the Relevant Authorities, the relevant land grants have not been assessed and stamped to the full requisite amount as may be required under law.	Section 40(1)(b) of the Stamp Act provides that if an instrument is not duly stamped, the relevant officer shall require payment of the proper duty payable or the amount required to make up the same, together with a penalty of Kyat 500 or, if he thinks fit, an amount not exceeding 10 times the amount of the proper duty or of the deficient portion thereof (whether such amount exceeds or falls short of Kyat 50). In addition to the monetary penalties discussed above, the other consequences of not stamping and/or insufficiently stamping the instrument may include the confiscation/ impoundment of the said instrument, prosecution and inadmissibility of the instrument as evidence of property rights in court, which may materially and adversely affect the Memories Group's ability to enforce their rights to the BL Land, including the right to occupy and use the BL Land for the BL Business.	The Proposed Directors are of the reasonable opinion that the risks arising from insufficient stamping of land grants in respect of certain plots of the BL Land may be mitigated by the following considerations: (a) CIL had attempted to rectify the irregularity by attempting to pay the outstanding amount due of the stamp duties in the course of the Restructuring, but the payment was not accepted by the Relevant Authority due to the long lapse of time involved. (b) Notwithstanding the above, the assessment of the stamp duties in respect of the particular land grants were conducted by the Relevant Authorities and full stamp duty at the requisite amounts was paid in relation to the sale and purchase of the BL Land. (c) The Proposed Directors are of the reasonable opinion that it is unlikely that the Relevant Authorities will take any enforcement action with respect to such irregularities because these are historical and legacy issues, and any potential implications are not expected to have a material impact on the Memories Group's operations, financial performance and position. (d) Pursuant to and subject to the terms of the RTO SPA, the BL Vendors have agreed to indemnify and hold harmless the Enlarged Group from and against any and all losses which the Enlarged Group may incur or suffer and/or any and all claims arising out of, based upon or in connection with, whether directly or indirectly, any and all claims or liabilities for tax, including stamp duties.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
9.	BOB Business	**Insufficient stamping of land grant in relation to the 5 Plots of BOB Land and certain lease agreements entered into in connection with the BOB Business** At the time of the issuance of the BOB Land Grant by the Relevant Authorities, the relevant land grants have not been assessed and stamped to the full requisite amount as may be required under law. Apart from the foregoing, certain lease agreements entered into in connection with the BOB Business were also not assessed and stamped to the full requisite amount as may be required under law.	Section 40(1)(b) of the Stamp Act provides that if an instrument is not duly stamped, the stamp duty and relevant officer shall require payment of the proper duty payable or the amount required to make up the same, together with a penalty of Kyat 500 or, if he thinks fit, an amount not exceeding 10 times the amount of the proper duty or of the deficient portion thereof (whether such amount exceeds or falls short of Kyat 50). In addition to the monetary penalties discussed above, the other consequences of not stamping and/or insufficiently stamping the instrument may include the confiscation/impoundment of the said instrument, prosecution and inadmissibility of the instrument as evidence of property rights in court, which may materially and adversely affect the Memories Group's ability to enforce their rights to the 5 Plots of BOB Land, including the right to occupy and use the 5 Plots of BOB Land for the BOB Business.	The Proposed Directors are of the reasonable opinion that the risks arising from insufficient stamping of land grants in respect of the 5 Plots of BOB Land may be mitigated by the following considerations: (a) SLTG had attempted to rectify the irregularity by attempting to pay the outstanding amount due on the stamp duties in the course of the Restructuring, but the payment was not accepted by the Relevant Authority due to the long lapse of time involved. (b) Notwithstanding the above, the assessment of the stamp duties in respect of the particular land grants were conducted by the Relevant Authorities and full stamp duty at the requisite amounts was paid in relation to the sale and purchase of the 5 Plots of BOB Land. (c) The lease agreements which were not stamped are all expiring in 2018 (save for a lease agreement for a property in the Inle Lake region expiring in 2020 which is currently not being used in connection with the BOB Business) and the Memories Group will take steps to procure that the new lease agreements entered into in future are duly stamped. (d) The Proposed Directors are of the reasonable opinion that it is unlikely that the Relevant Authorities will take any enforcement action with respect to such irregularities because these are historical and legacy issues, and any potential implications are not expected to have a material impact on the Memories Group's operations, financial performance and position.

No.	Memories Business	Issues	Potential implications	Mitigating factors/Rectifications
				(e) Under the RTO SPA, the BOB Vendors have agreed to indemnify and hold harmless the Memories Group from and against any and all losses which the Enlarged Group may incur or suffer and/or any and all claims arising out of, based upon or in connection with, whether directly or indirectly, any and all claims or liabilities for tax, including stamp duties. (f) Pursuant to and subject to the terms of the RTO SPA, the BOB Vendors have agreed to indemnify and hold harmless the Enlarged Group from and against any and all losses which the Enlarged Group may incur or suffer and/or any and all claims arising out of, based upon or in connection with, whether directly or indirectly, any and all claims or liabilities for tax, including stamp duties.
10.	BOB Business	**Prohibition of construction of the 5 Plots of BOB Land** SLTG's construction of its branch office building on the 5 Plots of BOB Land was previously suspended, following its inclusion on a list of 42 buildings in the Bagan area where construction is prohibited.	Not applicable.	This issue has been rectified. Pursuant to a letter issued by the relevant land authority on 17 February 2017, SLTG was informed that such prohibition on the construction of SLTG's branch office building had been lifted following its removal from the prohibition list pursuant to the decision made by certain relevant authorities including the Bagan Culture Heritage Management Team. SLTG has since re-commenced construction of the operations centre, following the issue of a new construction permit on 6 April 2017 by the City Development Committee of Nyaung U Township, and as at the Latest Practicable Date, the construction of the operation centre has been completed.

5.17 Order Book

As at the Latest Practicable Date, in relation to the HAL Business we have collected deposits in respect of confirmed room reservations of approximately US$17,000. These reservations will only be recognised as revenue when the guests arrive at the hotel.

As at the Latest Practicable Date, in relation to the Services Segment, we have collected approximately US$586,000 deposits for confirmed tour packages. Such deposits amounts will only be recognised as revenue upon the completion of the tour in Myanmar.

For the BOB Business under our Experiences Segment, through the Advance Allocation System, travel agents will pay upfront for allocated places of the hot-air balloons prior to the commencement of the hot-air balloon season. We have received approximately US$2,033,000 of deposits from various tour agencies for allocated places on our balloon rides as at Latest Practicable Date. These deposit amounts received in advance will only be recognised as revenue when the hot-air balloon flights have taken place.

5.18 Competitive Strengths and Competition

5.18.1 General Competitive Strengths

(a) **Synergies arising from an integrated tourism platform**

The integrated tourism platform created by the Memories Group which spans across the Experiences, Services and Hotels Segments consists of a range of tourism offerings in the areas of accommodation, destination management and activities, each being an important element in the tourism and hospitality sector supply chain.

The Memories Group is able to offer an integrated tourism platform with various cross-selling opportunities. Tourists arriving in Myanmar through the DMC Business can stay at the Memories Group's hotels and experience "Balloons over Bagan", providing a holistic and seamless tour experience within Myanmar.

Furthermore, with the integrated tourism platform, the Memories Group is able to benefit from cohesive branding and management of its products and services, as well as retain a high degree of control over the supply and quality of its products and services.

This integrated business model offers the Memories Group an edge over its competitors in the tourism industry, which is currently relatively fragmented[8] and lacks service providers which can provide seamless hospitality, tourism and destination management services.

As opposed to purchasing services from outside suppliers, the Memories Group will integrate some aspects of its supply chain within the Enlarged Group, which will facilitate the retention of business within the Enlarged Group.

(b) **Dedicated and experienced key management personnel**

The Memories Group's experienced management team reflects the unique combination of the expertise and experience drawn from other established international markets and experience in developing new and emerging tourism markets including Myanmar. Our Executive Chairman, Serge Pun has vast business experience and business connection in Myanmar while our key management personnel, Mr Michel Novatin and JMR have collectively more than over 40 years of experience between them in the hotel and tourism business operations across a number of regions including Asia, Europe and the Middle East.

Mr Michel Novatin has taken on key positions with a number of notable hospitality groups over the years, including chief executive officer of Shaza Hotels, chief operating officer of Kempinski Hotels and the managing director of the Société des Bains de Mer in Monte Carlo. As managing director of the Société des Bains de Mer in Monaco, Mr Michel Novatin was employed to oversee the reorganisation of the company. His last appointment was chief operating officer of Steigenberger Hotels Group in Germany.

JMR has extensive experience in the Myanmar hospitality and tourism industry and has been based in Myanmar since 1997. He is the founder and managing director of AHTT and he was instrumental in the founding of the HAL Business and ACF Business. He was also a key contributor in the establishment of the VL Business and Sala Lodges in Cambodia.

Please refer to Section 14 of Part A of this Circular entitled "Material Background information on the Proposed Directors and Proposed Executive Officers" for further details of our senior management.

Mr Michel Novatin and JMR are also supported by a highly qualified management team comprising both locals and expatriates from around the world with experience in the tourism industry. In terms of recruiting management executives, we place great emphasis on the candidates' regional and international experience in the tourism and hospitality industry, dedication to deliver international standards, knowledge of the market and understanding

Footnotes:

8 The information is derived from the website of 'Ministry of Hotels and Tourism' at http://www.tourism.gov.mm/wp-content/uploads/2017/06/myanmar-tourism-master-plan-english-version.pdf accessed on 16 November 2017. 'Ministry of Hotels and Tourism' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

of the Memories Group's business goals. Please refer to Section 14 of Part A of this Circular entitled "Material Background Information on the Proposed Directors and the Proposed Executive Officers", Section 9.2 of Part B of this Circular entitled "Executive Officers, Management Reporting Structure" and Section 9.3 of Part B of this Circular entitled "Employees" for further details of our Senior Management and the Memories Group's employees.

We offer ongoing business updates, performance evaluation and training to our management team so that they are regularly updated on the market trends and expectations from customers, and are prepared for the challenges and changes in the fast-growing tourism industry in Myanmar.

(c) **Connection with foreign customers combined with local knowledge and presence**

We have a strong international network and brand recognition in the international market. For example, AHTT has well-established international sales channels and representative channels abroad acting as proxies to further enhance and reinforce the brand's strong international presence. Further, the majority of the end-customers of the BOB Business are international tourists, demonstrating the popularity of the brand in the international market.

Local knowledge is equally important, with the ability to arrange logistics, explain local traditions and offer access to unique locations being key competitive advantages. The Memories Group has connections with the FMI Group and YSH Group two (2) highly reputable publicly listed conglomerates with a long track record in Myanmar. These connections give the Memories Group access to unique local opportunities and the benefit of a local network. In addition to this network, we also have a growing presence with local Myanmar customers.

5.18.2 **BOB Business**

Competition

Bagan

In Bagan, other than the BOB Business, there are currently two (2) other hot-air balloon operators operating nine (9) hot-air balloons in aggregate as at the Latest Practicable Date. In comparison to the BOB Business, these operators are relatively new entrants into the hot-air balloon operator market in Bagan.

As at the Latest Practicable Date, the local authorities have authorised a maximum of 21 balloons operating in Bagan at any one time. As such, SLTG is the market leader operating the largest number of balloons in Bagan, accounting for approximately 60% of balloon flights operated in Bagan per day.

Inle Lake Region

As at the Latest Practicable Date, SLTG is operating two (2) balloons in the Inle Lake region, whereas our sole competitor is operating one (1) balloon in the Inle Lake region. Currently, the local authorities have not issued any guidelines regarding the maximum number of balloons operating in the Inle Lake region at any one time.

As at the Latest Practicable Date, none of the Proposed Directors, Proposed Executive Officers, Controlling Shareholders, Substantial Shareholders upon Completion and/or their respective associates, has any interest, direct or indirect, in our competitors in the BOB Business.

Competitive Strengths

(a) Proven track record of safety

As at the Latest Practical Date, the BOB Business is the only licensed hot-air balloon operator in Myanmar which has a track record of over 17 years. A strong safety record is a key consideration for customers when choosing between hot-air balloon operators. The BOB Business' long-standing safety record is evidenced by the fact that SLTG has been able to continuously renew its Air Operator Certificates, which is contingent upon satisfying the strict safety requirements imposed by the DCA, including passing a bi-yearly impromptu safety audit. In addition, SLTG's insurance provider requires additional safety measures beyond the requirement prescribed by the DCA on hot-air balloon operators.

In addition, to ensure safety is not compromised, all pilots and technicians utilised in connection with the business are licensed pilots or transport operators. Furthermore, SLTG owns and maintains all the hot-air balloons used in connection with the BOB Business, and does not outsource maintenance, operation or piloting of the hot-air balloons to any third party corporate service provider. For more information on the BOB Business' safety and quality control assurance, please refer to Section 5.5 of Part B of this Circular entitled "Safety Assurance".

(b) Established and easily recognisable branding

Established in 1999, SLTG is the only hot-air balloon operator in Myanmar for over a decade. Images of its iconic burgundy balloons emblazoned with its easily recognisable logo can be found on various media platforms, such as the Lonely Planet[9] and National Geographic[10] websites. The BOB Business has

Footnotes:

9 The information is derived from the website of 'Lonely Planet' at https://www.lonelyplanet.com/myanmar-burma/nyaung-u/activities/balloons-over-bagan/a/poi-act/1368635/1335712 accessed on 15 November 2017. 'Lonely Planet' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

10 The information is derived from the website of 'National Geographic' at https://www.nationalgeographic.com/photography/photo-of-the-day/2014/11/temples-bagan-myanmar-balloon/; http://yourshot.nationalgeographic.com/photos/7360657/;http://yourshot.nationalgeographic.com/photos/5099523/ and http://travel.nationalgeographic.com/travel/traveler-magazine/photo-contest/2013/entries/221527/view/ accessed on 15 November 2017 'National Geographic' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

also been awarded the TripAdvisor Certificate of Excellence and has been featured in renowned publications such as Vanity Fair, Lonely Planet, DestinAsian and Travel+Leisure.

SLTG owns the trademark for the well-recognised logo featured on its balloons, and has registered a declaration of ownership of this trademark in Myanmar – please refer to Section 5.12 of Part B of this Circular entitled "Intellectual Property" for further details on intellectual property.

(c) Strong network of marketing and distribution channels

The BOB Business makes its sales primarily through travel agents, online reservations and standby ticket sales.

As most of the BOB Business arises from sales through travel agents, the BOB Business has established a good working relationship with these travel agents and in FY2017, we worked with more than 250 travel agents who actively promote our offerings. Our strong sales network has been built over many years and is the result of our sustained and consistent presence in the industry.

(d) Customer experience

The BOB Business seeks to provide a unique once-in-a-lifetime experience, which includes complimentary pick-up from accommodation in converted vintage buses, pre-flight coffee, tea and refreshments, a guided interactive tour of the balloon during inflation, a champagne break fast upon landing and the issuance of a flight certificate award before sending guests back to their accommodation. The entire seamless and carefully designed experience serves to create lasting memories for our customers.

5.18.3 **DMC Business**

Competition

The destination management industry in Myanmar is relatively fragmented[11]. The industry players comprise mostly small to medium scale businesses. As such, while there are no clear dominant market leaders in the destination management sector, there are a number of smaller players which are competitive with the DMC Business. The Memories Group Directors believe that the DMC Business' competitive strengths will enable it to compete effectively in the destination management industry in Myanmar.

Footnotes:

11 The information is derived from the website of 'Ministry of Hotels and Tourism' at http://www.tourism.gov.mm/wp-content/uploads/2017/06/myanmar-tourism-master-plan-english-version.pdf accessed on 16 November 2017. 'Ministry of Hotels and Tourism' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA.While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

Save for their involvement in the Memories Group, as at the Latest Practicable Date, none of the Proposed Directors, Proposed Executive Officers, Controlling Shareholders, Substantial Shareholders upon Completion and/or their respective associates, has any interest, direct or indirect, in any of the companies in the destination management industry in Myanmar.

Competitive Strengths

(a) Strong track record

The DMC Business has a 17-year track record including arranging tours for prestigious individuals and multi-national companies, and arranging the tour logistics for large-scale events such as the World Economic Forum. Over the years, the DMC Business has built up the experience and resources in organising exclusive and personalised events and experiences, and the expertise in organising events for large groups of international participants. Our deep understanding of the tourism industry in Myanmar and our long track record set us apart from many of our competitors in the fragmented Myanmar tourism sector.

(b) Strong international and local network

As at the Latest Practicable Date, the DMC Business has established a good working relationship with approximately 200 travel agents in Europe, North America and Asia.

In addition, through Phoenix Voyages, AHTT is a member of the TourCom Network and Selectour SA which are large networks of independent travel agents. These networks carefully select high quality DMCs in each country as members. Travel agents can contact and book tours offered by members from around the world through these trusted distribution networks.

Due to its long track record in Myanmar, AHTT also has in-depth knowledge of local operations, including the ability to arrange logistics for tours and accommodation, showcase local culture and offer access to unique tourist attractions. It also has strong relationships with trusted local suppliers and service providers.

5.18.4 **PHL Business**

Competition

The supply of hotel rooms in Yangon has increased significantly since 2012, in connection with the opening up of Myanmar in recent years[12].

Footnotes:

12 The information is derived from the website of 'Oxford Business Group' at https://www.oxfordbusinessgroup.com/overview/sustaining-momentum-industry-seeks-build-recent-successes-while-learning-past-mistakes accessed on 15 November 2017. 'Oxford Business Group' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

The management is of the view that while there are hotel businesses which could be considered to be competing with the PHL Business by virtue of offering accommodation and hospitality services in Yangon, there are no hotels which are directly comparable with the Pun Hlaing Lodge's "urban resort" model.

Save as disclosed in Sections 2.8.5 and 15.4 of Part A of this Circular and/or by virtue of their involvement in the Memories Group, as at the Latest Practicable Date, none of the Proposed Directors, Proposed Executive Officers, Controlling Shareholders, Substantial Shareholders upon Completion and/or their respective associates, has any interest, direct or indirect, in any of the companies in the hotel businesses in Myanmar.

Competitive Strengths

The Pun Hlaing Lodge boasts a unique "urban resort" setting within the Pun Hlaing Estate, which houses an impressive 18-hole, 7,012 yards golf course designed by Gary Player. The unique location, which is on a peninsula between the Hlaing River and Pan Hlaing River, offers lush communal green spaces and a tranquil environment. In addition, visitors are able to enjoy distant views of the Yangon city skyline and the world-famous Shwedagon Pagoda. Pun Hlaing Lodge's strategic location next to the golf course will attract both international and domestic golf tourists as well organisers, spectators and competitors to the various golf tournaments (such as the Myanmar Masters and the Putra Cup) held at the Pun Hlaing Estate.

5.18.5 **HAL Business**

Competition

Hpa An, Karen State has a relative lack of boutique hospitality facilities. As such, the HAL Business does not have many direct competitors. As at the Latest Practicable Date, as far as the Proposed Directors are aware, Hpa An Lodge is the only boutique resort with modern facilities of an international standard which is set at the foot of Mount Zwekabin.

Save as disclosed in Sections 2.8.5 and 15.4 of Part A of this Circular and/or by virtue of their involvement in the Memories Group, as at the Latest Practicable Date, none of the Proposed Directors, Proposed Executive Officers, Controlling Shareholders, Substantial Shareholders upon Completion and/or their respective associates, has any interest, direct or indirect, in any of the companies in the hotel businesses in Myanmar.

Competitive Strengths

(a) Unique boutique lodging

Hpa An Lodge is at the foot of Mount Zwekabin and near the Than Lwin River. It offers guests the experience of traditional living by offering cottage-style units inspired by Karen architecture against a backdrop of a beautiful natural setting. The Hpa An Lodge also introduced the Sky Dome Villa (which is a new type of accommodation) in FY2017 to offer special and more exciting accommodation options.

Due to the lodge's unique location, it is also able to offer guests cultural experiences that are unique to the Karen state, such as sunset cruise tours at Than Lwin River, trekking and village excursions, and picnic lunches at a traditional Karen house.

(b) First-mover advantage and quality offerings

The HAL Business has enjoyed a first-mover advantage, with the opportunity to establish itself as a quality accommodation and develop its brand name before any competitors set up operations in the area. In recognition of these achievements, the Hpa An Lodge has been awarded with the TripAdvisor Certificate of Excellence.

5.18.6 **BL Business**

Competition and Competitive Strengths

The BL Land is located along the Ayeyarwady River close to downtown Nyaung U. As such, it is a prime location for attracting visitors intending to explore and visit the surrounding area and attractions.

In light of the popularity of Bagan as a tourism destination, it is also challenging for incoming businesses to acquire land in the area. Accordingly, the BL Business also enjoys a certain degree of protection from new entrants wishing to establish competing operations in Bagan.

Save for their involvement in the Memories Group, as at the Latest Practicable Date, none of the Proposed Directors, Proposed Executive Officers, Controlling Shareholders, Substantial Shareholders upon Completion and/or their respective associates, has any interest, direct or indirect, in any of the companies that are in tourism related businesses in Bagan, Myanmar.

5.19 Strategies and Future Plans

(a) Acquire hospitality and tourism assets to expand our platform

The Memories Group intends to expand its portfolio of complementary hospitality and tourism assets in order to diversify its offering and grow into the leading tourism platform in Myanmar.

We plan to selectively acquire assets in Myanmar with the potential to be developed into high quality product or service offerings which fit the Memories Group's overall growth plan, vision and brand strategy. Examples of potential assets to be acquired include resorts, hotels and other types of tourism assets providing unique offerings.

We will focus on acquiring assets in destinations with high development potential especially in areas outside of the mainstream tourist areas.

(b) Identify and develop new destinations

We are actively identifying new destinations with high potential as part of our overall strategy to expand our business. In order to develop a destination, we may organically develop assets, products and services that integrate well with the destination.

This strategy will allow us to leverage first-mover advantage and establish our position as a leading tourism platform in Myanmar.

(c) Develop activities and services in conjunction with hospitality assets

The Memories Group also envisages that it will continue to develop ancillary tourism activities to complement its hospitality offerings, such as offering more cultural engagement activities and nature exploration activities. For example, we intend to develop integrated trekking and boating activities for our hotel guests. These complementary activities will contribute to a more holistic experience which ties in with the Memories Group's brand philosophy of creating lasting memories associated with each destination and our businesses.

(d) Manage tourism assets owned by third parties

Given the extensive experience of our management team, the Memories Group is well positioned to offer management services to third party tourism assets in Myanmar. We envisage management services to include strategic planning, business development, marketing and sales as well as day-to-day operations.

These management services will be carried out under the Memories Group brand, and we will seek to manage assets that fit within our overall brand philosophy. This strategy will allow us to expand our brand nationwide without incurring large capital expenditures. The management of third party assets could also potentially provide an acquisition pipeline for the Memories Group, should an existing asset owner wish to sell an asset we are managing.

(e) Further integration of branding and operation

We plan to further establish the Memories Group's brand as a unified brand for our future and existing assets. This will require further branding and marketing efforts, including developing new promotional materials, websites and advertising campaigns.

We also intend to enhance corporate social responsibility efforts under the umbrella of the Memories Group brand, including by way of providing job opportunities and training for local residents.

On the operational level, it is envisaged that the Memories Group will maintain an integrated technology platform that will enable it to seamlessly manage client relationships across the Memories Businesses.

(f) Completion of Pun Hlaing Lodge

Pun Hlaing Lodge is currently under construction and is expected to be completed in FY2019. A portion of the proceeds from the Proposed Compliance Placement will be used to complete the construction of the Pun Hlaing Lodge.

(g) Development of BL Land

We intend to use a portion of the proceeds from the Proposed Compliance Placement to construct a commercial tourism-related development on the BL Land for purposes of establishing the BL Business.

5.20 Industry Prospects

The following discussion about the Memories Group's prospects includes forward looking statements that involve risks and uncertainties. Actual results could differ materially from those that may be projected or implied in these forward-looking statements. Please refer to the Section entitled "Cautionary Notes on Forward-Looking Statements" of this Circular.

All the information presented in this section are extracted, where relevant, from sources believed by the Proposed Directors to be accurate and relevant. Information from external sources, including various government publications and industry reports, have not been independently verified by the Directors, Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees.

5.20.1 Entry Barriers to the Tourism Sector

(a) Government approval and regulation

The tourism sector in Myanmar requires various licences and permits that are further subject to the regulatory oversight of various governmental departments and ministries. This allows established market players to enjoy a first-mover advantage over proposed new entrants into the sector and increases the barrier of entry for new competitors.

The Memories Group's has businesses in the hotel sector, hot-air balloon business and the destination management business are subject to specific licensing requirements. The Memories Group has obtained licences such as a Hotel Permit, Tour Transportation Licence, Tour Operation Enterprise Licences, Air Operator Certificate, and a Petroleum Licence. The Air Operator Certificate in the BOB Business in particular requires strict adherence to safety protocols and is subject to periodic audits, making obtaining and maintaining this licence difficult for new entrants. In addition to these licences, there is also governmental oversight which imposes regulatory control over the qualification

of pilots and a restriction on the number of balloons in operation in Bagan for the BOB Business. Obtaining the necessary licences is also a prerequisite for obtaining insurance for the BOB Business.

Please refer to Section 5.15 of Part B of this Circular for more information on the Licences and Permits of the Memories Businesses.

(b) Feasibility of developing new and unique locations

Potential market entrants will face challenges in identifying and obtaining relevant land use rights for sites that are comparable to Pun Hlaing Lodge or Hpa An Lodge on commercially feasible terms. Pun Hlaing Lodge and Hpa An Lodge are each located in strategically unique and attractive locations in terms of size, development potential, and natural beauty. For example, Pun Hlaing Lodge is located in Pun Hlaing Estate which houses the Gary Player-designed 18-hole golf course, while Hpa An Lodge is located at the foot of the beautiful Mount Zwekabin. Each of these businesses capitalise on the unique attractiveness of its location, an advantage that is not easily available to new entrants.

(c) Local knowledge required

Running a successful hospitality and tourism services business in Myanmar often requires in-depth knowledge of local operations. It is important for these businesses to be able to arrange logistics for tours and accommodation, showcase local culture and offer access to unique tourist attractions. Such expertise requires substantial time and resources to develop.

In addition, strong relationships with trusted local suppliers and service providers are essential. As the tourism industry in Myanmar is relatively fragmented, a large number of relationships with a wide range of suppliers must be developed. It can be challenging for new entrants to develop these relationships.

(d) Human capital that meets international expectation

The provision of quality tourism services is made possible with the support of a large number of qualified professionals in hotel management, hospitability, recreational services and tourism management. Meeting the expectations of discerning travellers requires an understanding of international quality standards as well as products that are in-tune with the current trends in the market.

The Memories Group's well-qualified international team of industry experts is unique in Myanmar, especially given the industry's recent growth and the relatively smaller supply of trained talent. Thus, new entrants to the market may face greater difficulties in hiring the sufficient qualified labour to meet their business needs at both senior level and operational level.

Moreover, for certain tourism business such as hot-air ballooning, the operation requires highly skilled personnel and technical training, which are currently not easily available locally. For the BOB Business, all pilots and technicians are highly trained and licensed, and many have worked with the BOB Business for many years.

5.20.2 **Key Market Challenges of the Hospitality and Tourism Industry**

(a) International perception of Myanmar

The international perception of the country has a direct correlation with the tourism industry. Negative media coverage can have an adverse effect on tourist arrivals and the traditional association of Myanmar with unstable political situation has affected foreigners' decisions to visit the country. Since the transition to a civilian-led democracy, the image of the country has improved. This has also corresponded with large increases in tourist arrivals from 2011 to 2016[13], and more favourable international press and media coverage.

(b) Relatively undeveloped infrastructure

The growth of tourism in Myanmar is placing pressure on the country's existing infrastructure, particularly in the area of transportation. For example, there is a lack of access roads, airport facilities and transport to and from possible tourist destinations[14]. These constraints are likely to generally limit the continued growth of the hospitality and tourism industry, and also restrict the development of destinations in less central areas.

In addition, existing tourism infrastructure such as the number and quality of hotels and tourist attractions may be inadequate. The financial infrastructure in Myanmar is also underdeveloped, which poses payment challenges and increases costs for travellers and businesses in the tourism sector.

(c) Inadequate international promotion

Notwithstanding that the Myanmar government has made progress in emphasising the promotion of tourism, unlike in more developed regional markets such as Thailand, Indonesia and Malaysia, the marketing campaigns for Myanmar tourism are less coordinated at the industry and governmental levels. This has resulted in generally lower awareness of Myanmar as a tourism destination.

Footnotes:

13 The information is derived from statistics made available by 'Union of Myanmar Travel Association (UMTA)' and 'Myanmar Tourism Marketing (MTM)' to their respective members. 'Union of Myanmar Travel Association (UMTA)' and 'Myanmar Tourism Marketing (MTM)' have not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and are therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

14 The information is derived from the website of 'Oxford Business Group' at http://www.oxfordbusinessgroup.com/analysis/expansion-mode-rising-number-passengers-has-led-major-upgrades-airport-infrastructure and http://www.oxfordbusinessgroup.com/overview/taking-big-steps-large-scale-projects-aim-address-infrastructure-gap and accessed on 15 November 2017. 'Oxford Business Group' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

Private sector promotional efforts are also decentralised, with one of the major parties being the Myanmar Tourism Federation ("**MTF**"), comprising representatives from the Myanmar Hoteliers Association ("**MHA**"), the Union of Myanmar Travel Association ("**UMTA**") and Myanmar Tourism Marketing ("**MTM**")[15]. The MTF receives limited government funding in respect of its activities[16].

(d) Seasonality of the tourism industry

The tourism industry in Myanmar is affected by seasonality, primarily due to changes in the weather during the year. The rainy and hot seasons are generally perceived as the non-peak season for travelling to Myanmar. The rainy season usually starts in June and ends in September due to the southwest monsoon, whereas the hot season usually runs from April to May. Businesses operating in the tourism sector tend to observe a lull in activity and turnover during the non-peak season.

(e) Direct International Flight Connections

The lack of direct international flight connections remains one of the key challenges in attracting tourists. Globally, over 54.0% of international tourists travel by air[17]. Myanmar currently has three (3) operating international airports – in Yangon, Mandalay and Nay Pyi Taw. As of 2017, a total of 28 international airlines and 11 domestic airlines operate regular flight services between Myanmar and

Footnotes:

15 The information is derived from the website of 'Myanmar Tourism Federation' at http://myanmar.travel/about-mtf/ accessed on 15 November 2017. 'Myanmar Tourism Federation' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

16 The information is derived from the website of 'Myanmar Times' at http://www.mmtimes.com/index.php/lifestyle/travel/25799-myanmar-to-start-collecting-tourism-tax.html accessed on 15 November 2017. 'Myanmar Times' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

17 The information is derived from the website of 'Aviation Benefits' at https://aviationbenefits.org/social-development/tourism/ accessed on 15 November 2017. 'Aviation Benefits' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

21 international destinations[18]. International air connectivity in Myanmar is significantly lower than nearby regional destinations such as Thailand and Singapore. The lack of direct air connectivity limits the growth in tourist arrivals.

(f) Visa Restrictions

Restrictive visa policies for short-term tourists and business travellers impede the flow of foreign arrivals. All foreign nationals holding ordinary passports who wish to enter Myanmar must obtain a visa unless they are from one of the eight eligible visa exempt countries, including Singapore[19]. Myanmar launched an eVisa system in 2014 for business travellers and tourists from a limited number of countries such as the United States, France, Spain, Germany, China and Australia[20]. The visa requirement poses an administrative hurdle for many potential tourists and makes travel to the country more expensive.

5.20.3 **Key Market Trends of the Hospitality and Tourism Industry**

(a) Continued strong growth of the tourism industry supported by the private sector and the Myanmar government

In the last half a decade, Myanmar has undergone sweeping political and economic reforms. Some of these changes such as the removal or relaxation of visa requirements for visitors from certain countries (such as Singapore) and the lessening of US sanctions imposed on Myanmar entities have been positive developments for the Myanmar tourism industry.

Footnotes:

18 The information is derived from the website of 'Myanmar Information Management Unit' and 'Oxford Business Group' at http://themimu.info/sites/themimu.info/files/documents/Infrastructure-in-Myanmar-KPMG-Report-2013.pdf and https://www.oxfordbusinessgroup.com/overview/taking-big-steps-large-scale-projects-aim-address-infrastructure-gap accessed on 15 November 2017. 'Myanmar Information Management Unit' and 'Oxford Business Group' have not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

19 The information is derived from the website of 'Ministry of Labour, Immigration and Population' at https://evisa.moip.gov.mm/noticetotourists.aspx accessed on 15 November 2017. Ministry of Labour Immigration and Population has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

20 The information is derived from the website of 'Ministry of Labour, Immigration and Population' at https://evisa.moip.gov.mm/ accessed on 15 November 2017. 'Ministry of Labour, Immigration and Population' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

Furthermore, the development of a more sophisticated foreign investment regime (most recently the implementation of the new Myanmar Investment Law in 2016 and Myanmar Investment Rules in 2017) is expected to encourage more foreign investment into the country, and consequentially have a positive knock-on effect on inbound travel.

The World Travel and Tourism Council (WTTC) has predicted that over the ten years commencing from 2016, Myanmar's tourism industry will rank second out of 184 countries for long-term growth[21]. Based on statistics by ASEAN Secretariat, Myanmar's tourist arrivals growth rate from 2011 to 2015 is more than double of its neighbouring countries[22].

The Myanmar Tourism Statistics 2015 issued by the MOHT (the "**2015 MOHT Statistics**"), reflects the potential of its tourism industry as international arrivals at Yangon and Mandalay airports have increased from 385,655[23] in 2011 to 1,287,714[24] in 2015. In addition, visitors also arrive in Myanmar through border entry points. According to a report issued by the McKinsey Global Institute (the "**McKinsey Report**")[25], it was estimated that by 2030, tourism services could contribute approximately US$14.1 billion to the GDP of

Footnotes:

21 The information is derived from the website of 'Oxford Business Group' at http://www.oxfordbusinessgroup.com/news/myanmar%E2%80%99s-tourism-industry-set-rapidly-expand accessed on 15 November 2017. 'Oxford Business Group' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

22 The Information is derived from the website of 'Association of Southeast Asian Nations' at http://asean.org/storage/2015/09/Table-28-checked.pdf accessed on 15 November 2017. 'Association of Southeast Asian Nations' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company, the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

23 The information is derived from the website of 'Ministry of Hotels & Tourism' at http://www.tourism.gov.mm/wp-content/uploads/2017/06/2015.pdf accessed on 16 November 2017. 'Ministry of Hotels & Tourism' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

24 Including International tourist arrivals from Yangon and Mandalay airports but excluding border arrivals from Thailand, China, India, Laos and Bangladesh who spend less than 24 hours in Myanmar.

25 The information is derived from the website of 'McKinsey & Company' at http://www.mckinsey.com/global-themes/asia-pacific/myanmars-moment accessed on 15 November 2017. 'McKinsey & Company' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors and the Vendors, the Company, the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

Myanmar. The McKinsey Report also noted that as of 2013, the average stay and spending of visitors were high, suggesting that Myanmar is attracting mid- and high-end visitors; and this is corroborated by the 2015 MOHT Statistics which state that the average length of stay was around seven (7) to nine (9) days between 2011 to 2015[26]. Accordingly the Memories Group is well placed to capitalise on these trends of high-end visitors with the premium and luxury services it offers.

(b) Development of new destinations in Myanmar

Myanmar has one of the largest land masses in Southeast Asia[27], spanning 676,577 square kilometres[28] of land, which is slightly bigger than France. The country boasts a rich history and culture as well as archaeological and natural attractions which have the potential to become popular tourist destinations. For example, Hkakabo Razi Mountain in Kachin State could attract mountaineering enthusiasts[29], while the Mergui Archipelago in southern

Footnotes:

26 The information is derived from the website of 'Oxford Business Group' at http://www.oxfordbusinessgroup.com/news/myanmar%E2%80%99s-tourism-industry-set-rapidly-expand accessed on 15 November 2017. 'Oxford Business Group' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

27 The information is derived from the website of 'WorldAtlas' at http://www.worldatlas.com/articles/the-southeast-asian-nations-size-population-and-capitals.html accessed on 15 November 2017. 'WorldAtlas' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, and the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, and the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

28 The information is derived from the website of 'The World Bank' at http://data.worldbank.org/indicator/AG.LND.TOTL.K2 accessed on 15 November 2017. 'The World Bank' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

29 The information is derived from the website of 'National Geographic' at http://www.nationalgeographic.com/magazine/2015/09/hkakabo-razi-climb-myanmar/ accessed on 15 November 2017. 'National Geographic' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

Myanmar features stunning tropical islands which could become popular beach destinations[30].

Unlike many developed markets which have a set of long-established tourist attractions, much of Myanmar is still relatively less explored by both local and foreign visitors and, in management's view, offers much untapped potential in terms of offering new and exciting tourism destinations.

Such developments facilitated by the fact that with the government's recognition that tourism will be a key driving force of the economy, many places in Myanmar that used to be "off-limits" are opening up. For example, travel to Chin State has recently become relatively less restricted[31].

(c) Demand for personalised, authentic and experience-driven travel

A key emerging trend in international tourism is the desire of travellers to experience an authentic local lifestyle and cultural immersion. Personalisation and "experience-driven" services have become a trend in travel, which offer tourism-related companies opportunities to compete with their peers through delivering differentiation.

In particular, this is a key consideration for younger, sophisticated and affluent travellers. Their demand for travel services is driven by factors such as gaining access to local culture, getting an authentic and meaningful travel experience and willingness to spend money on the "once-in-a-lifetime" experience[32].

Footnotes:

30 The information is derived from the website of 'CNN' at http://edition.cnn.com/travel/article/merguiarchipelago-sailing/index.html accessed on 15 November 2017. 'CNN' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

31 The information is derived from the website of 'The Irrawaddy' at https://www.irrawaddy.com/news/burma/as-foreigners-trickle-into-chin-state-tourism-industry-faces-hurdles.html accessed on 15 November 2017. 'The Irrawaddy' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

32 The information is derived from the website of 'Forbes' at https://www.forbes.com/sites/jefffromm/2016/03/29/luxury-travel-trends-shift-as-affluent-millennials-act-on-their-aspirations/#28f45b43402a accessed on 15 November 2017. 'Forbes' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

(d) Rise of sustainable tourism

Another key tourism trend is the rise of sustainable tourism and ecotourism, as affluent visitors start to place more importance on travel experiences that benefit the local people and culture and do not cause harm to the environment.

The Myanmar government appears to be placing considerable emphasis on developing and managing tourism in sustainable ways. The Myanmar Tourism Master Plan 2013-2020[33] issued by the MOHT (the "**Myanmar Tourism Plan**") has set out various strategies to develop the tourism industry sustainably.

(e) Development of supporting infrastructure to facilitate growth of tourism industry

Ongoing investment and development in the Myanmar infrastructure sector could also complement the growing arrivals and increase the country's capacity to accommodate tourists, thereby facilitating growth in the tourism sector.

For example, the government has welcomed large-scale investment in airport infrastructure and is committed to airport upgrade and expansion plans to keep up with overseas arrivals. According to a report by the Oxford Business Group, the government is in the process of improving the existing airport facilities to expand the capacity of Yangon International Airport (which has opened a new international terminal in 2016 and is in the process of constructing a new domestic terminal) from 2.7 million to 8.0 million passengers by 2019[34]. In addition, the government is seeking to upgrade the cross-country Yangon-Mandalay railway[35].

Footnotes:

33 The information is derived from the website of 'Ministry of Hotels and Tourism' at http://www.tourism.gov.mm/wp-content/uploads/2017/06/myanmar-tourism-master-plan-english-version.pdf accessed on 15 November 2017. 'Ministry of Hotels and Tourism has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

34 The information is derived from the website of 'Oxford Business Group' at http://www.oxfordbusinessgroup.com/news/myanmar%E2%80%99s-tourism-industry-set-rapidly-expand accessed on 15 November 2017. 'Oxford Business Group' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

35 The information is derived from the website of 'Japan International Cooperation Agency' at https://www.jica.go.jp/english/our_work/social_environmental/id/asia/southeast/myanmar/c8h0vm000090royv.html accessed on 15 November 2017. 'Japan International Cooperation Agency' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

(f) Increasing international connectivity and direct flights

Improved air connections to Myanmar have encouraged more international and Asian airlines to expand to Myanmar. For example, Emirates Airlines launched more direct flights to Yangon in 2016[36].

(g) Increasing popularity across demographic segments

The market segmentation in the tourism industry has become more diversified. According to a report published by Horwath HTL Limited, two (2) key segments are the growing middle class and the retiree travellers. The "retiree travellers" usually have strong spending power and specific desires and needs in terms of customisation, comfort and security, services consumption, and "experience-driven" products. Myanmar appears to be one of the popular choices for "retiree travellers"[37].

The growing middle class is another key driver for tourism. In the Asia-Pacific region, the middle class population is expected to increase from 28.0% in 2009 to 54.0% in 2020[38]. The rising middle class within Myanmar has also created a new market segment for the tourism business. As discovered in a research by the Boston Consulting Group, the middle class in Myanmar will double in

Footnotes:

36 The information is derived from the website of 'Myanmar Times' at http://www.mmtimes.com/index.php/business/21110-yangon-airport-t1-gets-first-foreign-tenant.html accessed on 15 November 2017. 'Myanmar Times' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

37 The information is derived from the website of 'Horwath HTL' at http://horwathhtl.com/files/2015/12/Tourism-Mega-Trends4.pdf accessed on 15 November 2017. 'Horwath HTL' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

38 The information is derived from the website of 'Organisation for Economic Co-operation and Development' at https://www.oecd.org/dev/44457738.pdf accessed on 15 November 2017. 'Organisation for Economic Co-operation and Development' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

size by 2020[39]. With increasing purchasing power, the tourism demand from the Myanmar middle class is expected to significantly increase.

5.21 Trend information

The Proposed Directors have observed the following trends on revenue and operations of the Memories Group which may have an impact on our financial performance for FY2018 and FY2019:

(a) We expect that the demand for the tourism experiences, services and hotels will continue to increase due to improvements in tourism infrastructure. This bodes well for our integrated tourism platform.

(b) Due to the increasing number of tourist arrivals as referenced in the Myanmar Tourism Plan, we expect revenue for the DMC Business to increase. In addition, the HAL Business is becoming increasingly established, and we continue to see strong demand in the BOB Business.

(c) We expect an increase in administrative expenses due to higher employee compensation, compliance costs and business development efforts. In addition, the incorporation of an investment holding company in Singapore may subject us to further taxes.

(d) We expect that there will be an increasing number of local tourists as a result of a growing economy in Myanmar and locals with higher purchasing power.

Save as disclosed above and in Section 8 of Part B of this Circular entitled "Risk Factors", Section 7 of Part B of this Circular entitled "Management's Discussion and Analysis of Results of Operations and Financial Position of Memories Group" and Section 5.20 of Part B of this Circular entitled "Industry Prospects", and barring any unforeseen circumstances, the Proposed Directors are not aware of any other known recent trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Memories Group's revenue, profitability, liquidity or capital resources, or that would cause the financial information disclosed in this Circular to be not necessarily indicative of the Memories Group's future operating results or financial position. Please also refer to the Section entitled "Cautionary Notes Regarding Forward-Looking Statements" in Part A of this Circular.

Footnotes:

39 The information is derived from the website of 'Boston Consulting Group Perspectives' at https://www.bcgperspectives.com/content/articles/consumer_insight_growth_vietnam_myanmar_southeast_asia_new_growth_frontier/ accessed on 15 November 2017. 'Boston Consulting Group Perspectives' and 'Myanmar Business Today' has not consented to the inclusion of this statement or information, as the case may be, for the purposes of Section 249 of the SFA, and is therefore not liable for this statement under Sections 253 and 254 of the SFA. While the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent have taken reasonable actions to ensure that the information has been reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of the Directors, MM Myanmar Directors, the Proposed Directors, the Vendors, the Company and the Sponsor, Financial Adviser and Placement Agent or any other party, and their and the Memories Group's respective officers, agents and employees have conducted an independent review, or verified the accuracy of the contents, of the above information.

B6. Selected Pro Forma Financial Information of the Memories Group

The following selected unaudited pro forma consolidated financial information of the Memories Group for FY2015, FY2016, FY2017, 3M2017 and 3M2018 (the "**Period Under Review**") should be read in conjunction with the full text of this Circular, including (i) Section 7 of Part B of this Circular entitled, "Management's Discussion and Analysis of Results of Operations and Financial Position of the Memories Group"; (ii) the "Unaudited Pro Forma Consolidated Financial Information of MM Myanmar Pte. Ltd. and its Subsidiary Corporations for the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-Month Period ended 30 June 2017" as set out in Appendix D to this Circular; (iii) the Audited Financial Statements of PHL, SLTG, CIL, TLH and AHTT for FY2015, FY2016 and FY2017 as set out in Appendix E, Appendix F, Appendix G, Appendix H and Appendix I to this Circular respectively; and (iv) the Unaudited Interim Financial Statements of PHL, SLTG, CIL, TLH and AHTT for 3M2018 as set out in Appendix J, Appendix K, Appendix L, Appendix M and Appendix N to this Circular respectively.

6.1 Unaudited Pro Forma Consolidated Statements of Comprehensive Income of the Memories Group

	← Unaudited →				
	FY2015 (US$'000)	**FY2016 (US$'000)**	**FY2017 (US$'000)**	**3M2017 (US$'000)**	**3M2018 (US$'000)**
Revenue	10,303	10,572	11,571	380	578
Cost of sales	(6,082)	(6,258)	(6,701)	(341)	(431)
Gross profit	**4,221**	**4,314**	**4,870**	**39**	**147**
Other (loss)/ income, net	(1)	267	144	(8)	(66)
Expenses					
– Administrative	(2,608)	(2,774)	(3,373)	(622)	(807)
– Distribution and marketing	(112)	(90)	(106)	(18)	(51)
Profit/(loss) before income tax	**1,500**	**1,717**	**1,535**	**(609)**	**(777)**
Income tax expense/credit	(472)	(432)	(476)	17	17
Net profit/(loss)	**1,028**	**1,285**	**1,059**	**(592)**	**(760)**
EPS/(LPS) (cents)[(1) (2) (3)]	**1.48**	**1.84**	**1.52**	**(0.85)**	**(1.09)**

Notes:

(1) For illustrative purposes, assuming that the Service Agreements (as described in Section 14.2 of Part A of this Circular entitled "Service Agreements") had been in place since 1 April 2016, the Memories Group's profit before income tax, profit for the financial year net of tax, and EPS for FY2017 based on the share capital of 69,694,228 MM Myanmar Consideration Shares would have been approximately US$1.2 million, US$0.9 million and 1.23 cents respectively.

(2) For illustrative purpose, the EPS and LPS for the Period Under Review have been computed based on the net profit for each financial year/period and the share capital of 69,694,228 MM Myanmar Consideration Shares.

(3) For illustrative purposes, the EPS/(LPS) for the Period Under Review based on the net profit of the Memories Group and the Enlarged Share Capital of 401,708,863 Consolidated Shares for FY2015, FY2016, FY2017, 3M2017 and 3M2018 are 0.26 cents, 0.32 cents, 0.26 cents, (0.15) and (0.19) cents respectively.

6.2 Unaudited Pro Forma Consolidated Statements of Financial Position of the Memories Group

	Unaudited As at 31 March 2017 (US$'000)	Unaudited As at 30 June 2017 (US$'000)
Assets		
Current assets		
Cash and bank balances	699	483
Trade and other receivables	2,169	1,478
Inventories	105	105
Properties under development	6,666	6,666
	9,639	**8,732**
Non-current assets		
Property, plant and equipment	16,411	16,727
Intangible asset	10,219	10,247
	26,630	**26,974**
Total Assets	**36,269**	**35,706**
Liabilities		
Current liabilities		
Trade and other payables	2,423	2,320
Current income tax liabilities	808	808
	3,231	**3,128**
Non-current liabilities		
Deferred income tax liabilities	133	116
Total liabilities	**3,364**	**3,244**
Net assets	**32,905**	**32,462**
Equity		
Capital and reserves attributable to the equity holders of the Target Company		
Share capital	50,388	50,388
Currency translation reserve	(5)	(2)
Capital restructuring reserve	(19,839)	(19,655)
Retained profits	2,361	1,731
Total equity	**32,905**	**32,462**
NAV per Share (US cents)[(1)(3)]	**47.21**	**46.58**
NTA per Share (US cents)[(2)(3)]	**32.55**	**31.87**

Notes:

(1) For illustrative purposes, NAV per Share is computed based on the total equity and the share capital of 69,694,228 MM Myanmar Consideration Shares.

(2) NTA has been adjusted for intangible assets comprising air operating rights and provisional goodwill on acquisition. For illustrative purposes, NTA per Share is computed based on the total equity net of intangible assets and the share capital of 69,694,228 MM Myanmar Consideration Shares.

(3) For illustrative purposes, the NAV per share and NTA per share based on the Enlarged Share Capital of 401,708,863 Consolidated Shares as at 31 March 2017 are 8.19 cents and 5.65 cents respectively, and as at 30 June 2017 are 8.08 cents and 5.53 cents respectively.

6.3 Basis of Presentation

Please also refer to the "Unaudited Pro Forma Consolidated Financial Information of MM Myanmar Pte. Ltd. and its Subsidiary Corporations for the Financial Years Ended 31 March 2015, 2016 and 2017 and the Three-month Period ended 30 June 2017" as set out in Appendix D to this Circular for the basis of preparation and adjustments made for the unaudited pro forma consolidated financial statements of the Memories Group.

The unaudited pro forma consolidated financial statements of the Memories Group, because of its nature, may not give a true picture of the Memories Group's actual financial results, financial position and cash flows and is not necessarily indicative of the results of operations or related effects on the financial position that would have been obtained had the Memories Group actually existed earlier.

B7. Management's Discussion and Analysis of Results of Operations and Financial Position of the Memories Group

The following selected unaudited pro forma consolidated financial information of the Memories Group for the Period Under Review should be read in conjunction with the full text of the Circular, including (i) Section 6 of Part B of this Circular entitled, "Selected Pro Forma Financial Information of the Memories Group"; (ii) the "Unaudited Pro Forma Consolidated Financial Information of MM Myanmar Pte. Ltd. and its Subsidiary Corporations for the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-month Period ended 30 June 2017" as set out in Appendix D to this Circular; (iii) the Audited Financial Statements of PHL, SLTG, CIL, TLH and AHTT for FY2015, FY2016 and FY2017 as set out in Appendix E, Appendix F, Appendix G, Appendix H and Appendix I to this Circular respectively; and (iv) the Unaudited Interim Financial Statements of PHL, SLTG, CIL, TLH and AHTT for 3M2018 as set out in Appendix J, Appendix K, Appendix L, Appendix M and Appendix N to this Circular respectively.

Prior to the PHL Business Novations which were effective since 1 July 2017, the PHL Business was conducted and operated entirely under PHL. Accordingly, the financial information of the PHL Business is reflected in the audited financial statements of PHL for FY2015, FY2016 and FY2017 and the unaudited interim financial statements of PHL for 3M2018 as set out in Appendix E and Appendix J to this Circular respectively.

This discussion contains forward-looking statements that involve risks and uncertainties. The actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Circular, particularly in Section 8 of Part B of this Circular entitled "Risk Factors".

Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Memories Group, the Financial Adviser, Sponsor and Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. Please refer to the section entitled "Cautionary Notes Regarding Forward-Looking Statements" in Part A of this Circular.

Except as otherwise indicated, the following discussion is based on the Memories Group's unaudited pro forma consolidated financial information for FY2015, FY2016, FY2017 and 3M2018 which have been prepared in accordance with the SFRS.

7.1 Overview

The Memories Group is engaged in tourism-related businesses focused on Myanmar, predominantly in three (3) Business Segments namely, the Experiences Segment, the Services Segment and the Hotels Segment.

(i) Experiences Segment

The Experiences Segment currently comprises the BOB Business, which is operating hot-air balloon flights in Bagan and the Inle Lake region. The Memories Group intends to develop additional tourist, cultural and leisure attractions and related services, including through the development of the BL Business which is currently held under CIL.

(ii) Services Segment

The Services Segment currently comprises the DMC Business, specialising in the design and implementation of customised tours, events and travel logistics.

(iii) Hotels Segment

Under the Hotels Segment, the Memories Group currently owns and operates hotels and lodges under the PHL Business and HAL Business. The HAL Business has commenced operations since FY2015, while the Pun Hlaing Lodge under the PHL Business is currently under construction and is expected to be completed in FY2019.

The Memories Group operates an integrated tourism platform which allows it to cohesively brand and manage its products and services. Please refer to Section 5 of Part B of this Circular entitled "Memories Group's Business" for more information on the Memories Group's business.

Revenue

For the Period Under Review, the Memories Group derives its revenue from (i) the Experiences Segment, which currently includes the revenue of the BOB Business; (ii) the Services Segment, which includes the revenue from the DMC Business; and (iii) the Hotels Segment, which includes the revenue from the HAL Business.

Our total revenue was approximately US$10.3 million, US$10.6 million, US$11.6 million, US$0.4 million and US$0.6 million for FY2015, FY2016, FY2017, 3M2017 and 3M2018 respectively.

(i) Experiences Segment

Revenue from our Experiences Segment was approximately US$5.7 million, US$5.7 million and US$6.0 million and represented approximately 54.8%, 53.7% and 51.8% of our total revenue for FY2015, FY2016 and FY2017 respectively. For 3M2017 and 3M2018, there was no revenue recorded as the BOB Business was not in operation. For FY2015, FY2016 and FY2017, revenue from our Experiences Segment was derived solely from the BOB Business which provides hot-air balloon flights to tourists in the Bagan and the Inle Lake regions. Revenue from balloon flights contributed approximately 98.5%, 98.2% and 98.7%, while revenue from the sale of merchandise and souvenirs contributed approximately 1.5%, 1.8% and 1.3% of revenue from our Experiences Segment for FY2015, FY2016 and FY2017 respectively.

(ii) Services Segment

Revenue from our Services Segment was approximately US$4.5 million, US$4.4 million, US$5.0 million, US$0.3 million and US$0.5 million and represented approximately 44.0%, 41.8%, 42.9%, 75.8% and 83.4% of our total revenue for FY2015, FY2016, FY2017, 3M2017 and 3M2018 respectively. For the Period Under Review, revenue from the Services Segment was contributed solely by the DMC Business which mainly generates revenue from tours booked through other travel agents ("**Inbound Segment**") and direct bookings from end customers overseas ("**Overseas Segment**"). Revenue from the Inbound Segment represented approximately 87.9%, 87.3%, 87.3%, 98.5% and 88.5% while revenue from the Overseas Segment represented approximately 12.1%, 12.7%, 12.7%, 1.5% and 11.5% of our Services Segment revenue for FY2015, FY2016, FY2017, 3M2017 and 3M2018 respectively.

(iii) Hotels Segment

Revenue from our Hotels Segment was approximately US$0.1 million, US$0.5 million, US$0.6 million, US$0.1 million and US$0.1 million and contributed approximately 1.1%, 4.5%, 5.3%, 24.2% and 16.6% of our total revenue for FY2015, FY2016, FY2017, 3M2017 and 3M2018 respectively. For the Period Under Review, revenue from our Hotels Segment was contributed by the rental of lodges and the sale of goods from the HAL Business. Revenue from the rental of lodges contributed approximately 55.2%, 55.6%, 57.5%, 57.6% and 64.6% while revenue from the sale of food, beverages and merchandise contributed approximately 44.8%, 44.4%, 42.5%, 42.4% and 35.4% of our Hotels Segment revenue for FY2015, FY2016, FY2017, 3M2017 and 3M2018 respectively.

Currently, revenue from the Hotels Segment is generated solely by the HAL Business which has a total of 19 rooms. The average occupancy for Hpa An Lodge in the October to March high season was 35.0%, 79.0% and 84.0%, for FY2015, FY2016 and FY2017 respectively, while the average occupancy for the April to September low season was 26.0% and 50.0% for FY2016 and FY2017 respectively since the commencement of operations in November 2014. For 3M2017 and 3M2018, the average occupancy for Hpa An Lodge is 44.8% and 41.6% respectively.

In general, our revenue is mainly dependent on the following factors:

(a) the total number of tourist arrivals into Myanmar;

(b) the general perception of Myanmar in the international destination market;

(c) the income and purchasing power of local tourists;

(d) our ability to market our Business Segments to local and foreign tourists; and

(e) our ability to compete with other hotels, destination management companies and hot-air balloon operators in Myanmar.

Please refer to Section 8 of Part B of this Circular entitled "Risk Factors" for other factors which may affect our revenue and our financial performance.

Cost of sales

The Memories Group's cost of sales was approximately US$6.1 million, US$6.3 million, US$6.7 million, US$0.3 million and US$0.4 million representing approximately 59.0%, 59.2%, 57.9%, 89.7% and 74.6% of our total revenue in FY2015, FY2016, FY2017, 3M2017 and 3M2018 respectively.

(i) Experiences Segment

The cost of sales of our Experiences Segment was approximately US$2.6 million, US$2.7 million and US$2.5 million and accounted for approximately 42.6%, 43.2% and 37.3% of our total cost of sales for FY2015, FY2016 and FY2017 respectively. For 3M2017 and 3M2018, no cost of sales was incurred as the BOB Business was not in operation. A breakdown of our major cost of sales items for our Experiences Segment for FY2015, FY2016 and FY2017 is set out below:

	FY2015		FY2016		FY2017	
	US$'000	%	US$'000	%	US$'000	%
Pilots salaries and related costs	1,158	44.7	1,387	51.3	1,263	50.6
Royalties, commission and duties	640	24.7	637	23.6	574	23.0
Gas and fuel	486	18.7	343	12.7	288	11.5
Others[(1)]	306	11.9	338	12.4	373	14.9
Total	**2,590**	**100.0**	**2,705**	**100.0**	**2,498**	**100.0**

Note:

(1) Others mainly consist of maintenance expenses, insurance, landing fees and other direct operating costs.

"Pilot salaries and related costs" mainly relates to the salaries and accommodation expenses paid to hot-air balloon pilots which are negotiated on an annual basis prior to the commencement of the hot-air balloon season in Myanmar. "Commission and taxes" relates to sales commissions paid and taxes paid to the relevant authorities in Myanmar. Gas and fuel expenses primarily relate to the cost of propane gas that is used for hot-air balloon flights.

(ii) Services Segment

The cost of sales of our Services Segment was approximately US$3.4 million, US$3.1 million, US$3.6 million, US$0.2 million and US$0.3 million and accounted for approximately 55.5%, 50.0%, 54.0%, 68.6% and 76.1% of our total cost of sales for FY2015, FY2016, FY2017, 3M2017 and 3M2018 respectively. A breakdown of our cost of sales for our Services Segment for the Period Under Review is set out below:

	FY2015		FY2016		FY2017		3M2017		3M2018	
	US$'000	%	US$'000	%	US$'000	%	US$'000	%	US$'000	%
Hotels	1,493	44.2	1,253	40.3	1,583	42.5	130	55.4	117	35.7
Transportation	578	17.1	576	18.5	580	16.0	29	12.3	35	10.7
Airfare	401	11.9	343	11.0	387	10.7	38	16.4	65	19.9
Tour expenses	563	16.7	623	20.1	694	19.2	25	10.5	53	16.2
Food & Beverage ("**F&B**")	340	10.1	315	10.1	418	11.6	12	5.4	58	17.5
Total	**3,376**	**100.0**	**3,110**	**100.0**	**3,617**	**100.0**	**234**	**100.0**	**328**	**100.0**

Hotels, transportation, airfare, and F&B expenses relate to expenses incurred as part of the package tours offered by the DMC Business to end customers. The DMC Business typically books hotels, transportation and restaurants directly and issues a consolidated bill to end-customers. Tour expenses relate to other expenses incurred during the course of a tour such as entrance fees for attractions and tour guide fees.

(iii) Hotels Segment

The cost of sales of our Hotels Segment was US$0.1 million, US$0.4 million, US$0.6 million, US$0.1 million and US$0.1 million and accounted for approximately 1.9%, 7.1%, 8.7%, 31.4% and 23.9% of our total cost of sales for FY2015, FY2016, FY2017, 3M2017 and 3M2018 respectively. A breakdown of our cost of sales for our Hotels Segment for the Period Under Review is set out below:

	FY2015		FY2016		FY2017		3M2017		3M2018	
	US$'000	%	US$'000	%	US$'000	%	US$'000	%	US$'000	%
Staff costs	50	43.1	143	32.3	165	28.1	26	23.5	16	15.2
Depreciation	23	19.9	159	35.9	174	29.7	41	37.9	46	44.9
F&B	22	19.2	81	18.4	104	17.8	19	17.5	18	16.9
Utilities	8	6.6	23	5.2	29	5.0	8	7.6	8	7.4

	FY2015		FY2016		FY2017		3M2017		3M2018	
	US$'000	%	US$'000	%	US$'000	%	US$'000	%	US$'000	%
Guest amenities	2	1.8	7	1.6	18	3.0	4	3.9	3	3.1
Repair and maintenance	1	1.3	15	3.3	65	11.1	6	5.5	9	9.3
Landscaping	–	–	2	0.4	11	1.8	1	1.0	1	0.1
Others[(1)]	10	8.1	13	2.9	20	3.5	3	3.1	3	3.1
Total	**116**	**100.0**	**443**	**100.0**	**586**	**100.0**	**108**	**100.0**	**104**	**100.0**

Note:

(1) Others mainly consists of cleaning supplies, kitchen expenses, landscaping, uniform and other direct operating costs.

Staff costs relate to staff salaries, staff transportation, staff related expenses, employee benefits, bonuses and incentives paid to Hpa An Lodge's staff. Depreciation relates to the depreciation charge of Hpa An Lodge. F&B, utilities, guest amenities, repair and maintenance and landscaping relate mainly to the expenses incurred with regard to the day-to-day operations and maintenance of Hpa An Lodge.

In general, our cost of sales is mainly dependent on the following factors:

(a) fluctuations of current hotel rates in tourist destinations in Myanmar;

(b) changes in transportation costs in Myanmar which include vehicle and boat fares;

(c) changes in compensation rates for hot-air balloon pilots which include their salaries, accommodation and other related expenses;

(d) changes in domestic and international airfares for our tour customers;

(e) changes in royalties, commission and duties rates in the BOB Business;

(f) changes in F&B prices in Myanmar;

(g) fluctuations in the cost of propane gas which is affected by regional and global supply and demand; and

(h) changes in labour costs.

Please refer to Section 8 of Part B of this Circular entitled "Risk Factors" for other factors which may affect our cost of sales.

Gross profit and gross profit margin

Gross profit is determined after deducting cost of sales from the Memories Group's revenue. Accordingly, the determinants of the gross profit are the revenue generated from the Business Segments and the cost of sales.

The gross profit margins of the Memories Group were approximately 41.0%, 40.8%, 42.1%, 10.3% and 25.4% for FY2015, FY2016, FY2017, 3M2017 and 3M2018 respectively.

Other (loss)/income, net

Other income was approximately US$0.3 million and US$0.1 million, representing approximately 2.5% and 1.2% of our total revenue in FY2016 and FY2017 respectively which was primarily due to currency translation gains. The Memories Group incurred other losses of approximately US$0.1 million for 3M2018 mainly due to currency translation loss.

Other loss in FY2015 and 3M2017 was insignificant.

Operating expenses

Operating expenses were approximately US$2.7 million, US$2.9 million, US$3.5 million, US$0.6 million and US$0.9 million representing approximately 26.4%, 27.1%, 30.1%, 168.4% and 148.4% of our total revenue in FY2015, FY2016, FY2017, 3M2017 and 3M2018 respectively. Operating expenses consist of administrative expenses and distribution and marketing expenses.

Administrative expenses

Administrative expenses were approximately US$2.6 million, US$2.8 million, US$3.4 million, US$0.6 million and US$0.8 million representing approximately 95.9%, 96.9%, 97.0%, 97.2% and 94.1% of our operating expenses in FY2015, FY2016, FY2017, 3M2017 and 3M2018 respectively. A breakdown of our administrative expenses is set out below:

	FY2015		FY2016		FY2017		3M2017		3M2018	
	US$'000	%	US$'000	%	US$'000	%	US$'000	%	US$'000	%
Employee compensation	1,021	39.1	1,060	38.2	1,578	46.8	309	49.7	495	61.3
Depreciation and amortisation	579	22.2	621	22.4	719	21.3	143	23.0	167	20.7
Management fee	250	9.6	250	9.0	167	5.0	62	10.0	16	2.0
Rental expenses	212	8.1	224	8.1	232	6.9	62	10.0	52	6.4
Traveling expenses	140	5.4	131	4.7	100	3.0	12	2.0	11	1.4
Bank charges	64	2.5	80	2.9	92	2.7	14	2.0	11	1.4
Commission expenses	47	1.8	42	1.5	21	0.6	2	0.3	2	0.2
Repair and maintenance	26	1.0	65	2.3	71	2.1	6	1.0	10	1.2
Others[(1)]	269	10.3	301	10.9	393	11.6	12	2.0	43	5.4
Total	**2,608**	**100.0**	**2,774**	**100.0**	**3,373**	**100.0**	**622**	**100**	**807**	**100**

Note:

(1) Others mainly consist of donations, advertisement, legal expenses and other administrative expenses.

Distribution and marketing expenses

Distribution and marketing expenses mainly relate to advertising and marketing expenses incurred by the DMC Business and the BOB Business. Distribution and marketing expenses were approximately US$0.1 million, US$0.1 million, US$0.1 million, US$18,000 and US$51,000 representing approximately 4.1%, 3.1%, 3.0%, 2.8% and 5.9% of our operating expenses in FY2015, FY2016, FY2017, 3M2017 and 3M2018 respectively.

Income tax (expense)/credit

Income tax expense was approximately US$0.5 million, US$0.4 million and US$0.5 million equating to an effective income tax rate of 31.5%, 25.2% and 31.0% for FY2015, FY2016 and FY2017 respectively. The Myanmar statutory corporate tax rates from FY2015 to FY2017 were 25.0%. Our effective tax rates in FY2015, FY2016 and FY2017 were higher than the Myanmar statutory corporate tax rates mainly due to losses before income tax incurred by some of the Memories Group's business entities and adjustments for deferred income tax. The Memories Group had an income tax credit of approximately US$17,000 for both 3M2017 and 3M2018.

7.2 Review of Results of Operations

Breakdown of our past performance by Business Segments

A breakdown of our revenue, gross profit/(loss) margin and profit/(loss) before income tax by Business Segment for the Period Under Review is set out below.

Revenue

	FY2015		FY2016		FY2017		3M2017		3M2018	
	US$'000	%	US$'000	%	US$'000	%	US$'000	%	US$'000	%
Experiences Segment	5,649	54.8	5,680	53.7	5,992	51.8	–	–	–	–
Services Segment	4,538	44.1	4,421	41.8	4,962	42.9	288	75.8	482	83.4
Hotels Segment	116	1.1	471	4.5	617	5.3	92	24.2	96	16.6
Total	**10,303**	**100.0**	**10,572**	**100.0**	**11,571**	**100.0**	**380**	**100.0**	**578**	**100.0**

Gross profit/(loss) margin

%	FY2015	FY2016	FY2017	3M2017	3M2018
Experiences Segment	54.2	52.4	58.3	–	–
Services Segment	25.6	29.7	27.1	19.1	32.2
Hotels Segment	–	5.9	5.0	(17.4)	8.3

Profit/(loss) before income tax

	FY2015		FY2016		FY2017		3M2017		3M2018	
	US$'000	%	US$'000	%	US$'000	%	US$'000	%	US$'000	%
Experiences Segment	1,223	81.5	1,077	62.7	1,095	71.3	(435)	71.4	(682)	87.8
Services Segment	507	33.8	695	40.5	607	39.5	(117)	19.2	(33)	4.2
Hotels Segment	(230)	(15.3)	(55)	(3.2)	(167)	(10.8)	(57)	9.4	(62)	8.0
Total	**1,500**	**100**	**1,717**	**100**	**1,535**	**100**	**(609)**	**100**	**(777)**	**100**

Our revenue for the Period Under Review was derived solely in Myanmar. Accordingly, a breakdown of analysis by geographical market is not meaningful.

7.3 Review of Past Performance

FY2015 vs FY2016

Revenue

Our total revenue increased by approximately US$0.3 million or 2.6% from approximately US$10.3 million in FY2015 to approximately US$10.6 million in FY2016. The increase in revenue was mainly attributable to (i) a slight increase in the revenue of our Hotels Segment by approximately US$0.4 million from approximately US$0.1 million in FY2015 to approximately US$0.5 million in FY2016 mainly due to a full year of operations of Hpa An Lodge in FY2016 as compared to FY2015 as it officially commenced operation only in November 2014; and (ii) an increase in the revenue of our Experiences Segment by approximately US$31,000 from approximately US$5.6 million in FY2015 to approximately US$5.7 million in FY2016 mainly due to an increase in number of passengers for the hot-air balloon flights. The increase was partially offset by a slight decrease in revenue of our Services Segment by approximately US$0.1 million from approximately US$4.5 million in FY2015 to approximately US$4.4 million in FY2016 mainly as a result of a reduced number of outbound European tourists due to dampened travel sentiment following a series of terrorist attacks in 2016.

Cost of sales

Our cost of sales increased by approximately US$0.2 million or 2.9% from approximately US$6.1 million in FY2015 to approximately US$6.3 million in FY2016. This increase was mainly attributable to (i) an increase in the cost of sales by approximately US$0.1 million of our Experiences Segment from approximately US$2.6 million to approximately US$2.7 million mainly due to an increase in the salaries and related costs for the hot-air balloons pilots; and (ii) an increase in the cost of sales of our Hotels Segment by approximately US$0.3 million from approximately US$0.1 million to approximately US$0.4 million mainly due to an increase in staff costs, depreciation and F&B expenses. The increase was partially offset by the decrease in the cost of sales of our Services Segment by approximately US$0.3 million from approximately US$3.4 million to approximately US$3.1 million which is in line with the decrease in revenue.

Gross profit and gross profit margin

Our gross profit increased slightly from approximately US$4.2 million in FY2015 to approximately US$4.3 million in FY2016. Profit margin remained relatively constant at 41.0% in FY2015 and 40.8% in FY2016.

Other (loss)/income, net

Other (loss)/income, net increased by approximately US$0.3 million from other loss of approximately US$1,000 in FY2015 to other income of approximately US$0.3 million other income in FY2016. This increase was mainly attributable to higher currency translation gain in relation to the BOB Business in FY2016.

Operating expenses

Administrative expenses

Administrative expenses increased by approximately US$0.2 million or 6.4% from approximately US$2.6 million in FY2015 to approximately US$2.8 million in FY2016. This increase was mainly attributable to the increase in employee compensation in relation to the BOB Business and an increase in depreciation and amortisation expenses and other administrative expenses.

Sales and distribution expenses

Sales and distribution expenses decreased by approximately US$22,000 or 19.6% in FY2016. This decrease was mainly attributable to lower advertising expenses in relation to the BOB Business in FY2016.

Profit before income tax

Profit before income tax increased by approximately US$0.2 million or 14.5% from approximately US$1.5 million in FY2015 to approximately US$1.7 million in FY2016. This increase was mainly attributable to (i) an increase in gross profit of approximately US$0.1 million; and (ii) other income of approximately US$0.3 million instead of other loss.

Income tax expense

Income tax expense decreased by approximately US$41,000 or 8.5% from approximately US$0.5 million in FY2015 to approximately US$0.4 million in FY2016. Our effective tax rate for FY2015 was 31.5% as compared to 25.2% for FY2016. The lower tax expense was mainly due to utilisation of previous unrecognised losses in the current financial year.

FY2016 vs FY2017

Revenue

Our total revenue increased by approximately US$1.0 million or 9.4% from approximately US$10.6 million in FY2016 to approximately US$11.6 million in FY2017. The increase in revenue was mainly attributable to (i) an increase in the revenue of our Services Segment by approximately US$0.5 million from approximately US$4.5 million in FY2016 to approximately US$5.0 million in FY2017 mainly due to increase in revenue for Inbound Segment as a result of increases in corporate incentive trips and MICE; (ii) an increase in the revenue of our Experiences Segment by approximately US$0.3 million from approximately US$5.7 million in FY2016 to approximately US$6.0 million in FY2017 mainly due to an increase in number of passengers for the hot-air balloon flights; and (iii) an increase in the revenue of our Hotels Segment by approximately US$0.1 million from approximately US$0.5 million in FY2016 to approximately US$0.6 million in FY2017 mainly due to an increase in occupancy rate as a result of promotion and marketing activities during the financial year.

Cost of sales

Our cost of sales increased by approximately US$0.4 million or 7.1% from approximately US$6.3 million in FY2016 to approximately US$6.7 million in FY2017. This increase was mainly attributable to (i) an increase in the cost of sales by approximately US$0.5 million in FY2016 of our Services Segment from approximately US$3.1 million to approximately US$3.6 million in FY2017 mainly due to an increase in the expenses relating to hotels, tour expenses, airfare and F&B, which is in line with the increase in revenue; and (ii) an increase in the cost of sales of our Hotels Segment by approximately US$0.2 million in FY2016 from approximately US$0.4 million to approximately US$0.6 million in FY2017 due to an increase in staff costs, depreciation and F&B expenses. The increase was partially offset by the decrease in the cost of sales of our Experiences Segment by approximately US$0.2 million from approximately US$2.5 million in FY2016 to approximately US$2.3 million in FY2017 mainly due to the decrease in salaries and related costs for the hot-air balloons pilots and commission and taxes paid to government authorities.

Gross profit and gross profit margin

Our gross profit increased by approximately US$0.6 million from approximately US$4.3 million in FY2016 to approximately US$4.9 million in FY2017. Profit margin also improved from 40.8% in FY2016 to 42.1% in FY2017 mainly due to improved gross profit margin from our BOB Business following a decrease in its cost of sales arising from the depreciation of the Great British Pound ("**GBP**").

Other (loss)/income, net

Other income decreased by approximately US$0.1 million or 46.1% from approximately US$0.3 million in FY2016 to approximately US$0.1 million in FY2017. This decrease was mainly attributable to lower currency translation gain in relation to the BOB Business.

Operating expenses

Administrative expenses

Administrative expenses increased by approximately US$0.6 million or 21.6% from approximately US$2.8 million in FY2016 to approximately US$3.4 million in FY2017. This increase was mainly attributable to (i) higher employee compensation of approximately US$0.4 million for the Memories Group's management team; and (ii) higher depreciation and amortisation expenses of approximately US$0.2 million from the increase in property, plant and equipment ("**PPE**").

Distribution and marketing expenses

Distribution and marketing expenses increased slightly which was mainly attributable to higher marketing costs in relation to the DMC Business and the BOB Business.

Profit before income tax

Profit before income tax decreased by approximately US$0.2 million or 10.6% from approximately US$1.7 million in FY2016 to approximately US$1.5 million in FY2017. This decrease was mainly attributable to (i) higher operating expenses of approximately US$0.6 million; and (ii) a decrease in other income of approximately US$0.1 million.

Income tax expense

Income tax expense increased slightly from $0.4 million in FY2016 to $0.5 million in FY2017. Our effective tax rate for FY2016 was 25.2% as compared to 31.0% for FY2017. The higher tax expense was due to a higher taxable income in relation to the BOB Business and the DMC Business.

3M2017 vs 3M2018

Revenue

Our total revenue increased by approximately US$0.2 million or 52.1% from approximately US$0.4 million in 3M2017 to approximately US$0.6 million in 3M2018. The increase in revenue was mainly attributable to an increase in revenue from our Services Segment by approximately US$0.2 million from approximately US$0.3 million in 3M2017 to approximately US$0.5 million in 3M2018. This increase was mainly due to an increase in Inbound Segment revenue at AHTT as a result of an increased number of tourists.

Cost of sales

Our cost of sales increased by approximately US$0.1 million or 26.4% from approximately US$0.3 million in 3M2017 to approximately US$0.4 million in 3M2018. This increase was mainly attributable to an increase in cost of sales in our Services Segment by approximately US$0.1 million from approximately US$0.2 million in 3M2017 to approximately US$0.3 million in 3M2018 mainly due to higher costs for airfare, transportation, and other tour expenses for customers which was in line with the increase in revenue from the Services Segment.

Gross profit and gross profit margin

Our gross profit increased by approximately US$0.1 million from approximately US$39,000 in 3M2017 to approximately US$0.1 million in 3M2018. Gross profit margin also improved from 10.3% in 3M2017 to 25.4% in 3M2018 which was mainly attributable to the increase in gross profit margin of the Services Segment mainly due to a decrease in cost of hotels.

Other (loss)/income, net

Other loss increased by approximately US$58,000 from approximately US$8,000 in 3M2017 to approximately US$66,000 in 3M2018. This increase was mainly attributable to currency translation loss in relation to the Services Segment.

Operating expenses

Administrative expenses

Administrative expenses increased by approximately US$0.2 million or 29.7% from approximately US$0.6 million in 3M2017 to approximately US$0.8 million in 3M2018. This increase was mainly attributable to an increase in employee compensation.

Distribution and marketing expenses

Distribution and marketing expenses increased slightly which was mainly attributable to higher marketing expenses in relation to the BOB Business and the DMC Business.

Loss before income tax

Loss before income tax increased by approximately US$0.2 million or 27.6% from approximately US$0.6 million in 3M2017 to approximately US$0.8 million in 3M2018. This decrease was mainly attributable to (i) higher other loss incurred in 3M2018; and (ii) higher administrative expenses.

Income tax credit

Income tax credit remained constant at US$17,000 for both 3M2017 and 3M2018.

7.4 Review of Financial Position

As at 31 March 2017

Current assets

As at 31 March 2017, our current assets amounted to approximately US$9.6 million accounting for approximately 26.6% of our total assets. Our current assets comprised the following:

(a) development properties of approximately US$6.7 million constituted 69.2% of our total current assets. Development properties relate to the land cost and initial design cost in relation to the BL Land held under CIL;

(b) trade and other receivables of approximately US$2.2 million constituted 22.5% of our total current assets. Trade and other receivables comprised mainly (i) non-trade receivables of approximately US$0.6 million mainly from Phoenix Voyages pursuant to the Collaboration Agreement; (ii) non-trade receivables of approximately US$0.1 million from other non-related parties (iii) trade receivables of approximately US$0.6 million due from our customers; and (iv) prepayment, deposits and staff advances of approximately US$0.8 million;

(c) cash and bank balances of approximately US$0.7 million constituted 7.3% of our total current assets; and

(d) inventories of approximately US$0.1 million constituted 1.0% of our total current assets. Inventories comprised mainly consumables, merchandise and souvenirs in relation to our BOB Business and HAL Business.

Non-current assets

As at 31 March 2017, our non-current assets amounted to approximately US$26.6 million accounting for approximately 73.4% of our total assets. Our non-current assets comprised the following:

(a) PPE of approximately US$16.4 million constituted 61.6% of our total non-current assets. PPE primarily comprised leasehold land, buildings and landscaping of the HAL Business, land and construction-in-progress relating to PHL, hot-air balloons, and equipment of the BOB Business; and

(b) intangible assets of approximately US$10.2 million constituted 38.4% of our total non-current assets. Intangible assets comprised mainly provisional goodwill arising from the acquisition of the HAL business and the DMC Business of US$3.2 million and US$6.5 million respectively.

Current liabilities

As at 31 March 2017, our current liabilities of approximately US$3.2 million accounted for approximately 96.0% of our total liabilities. Our current liabilities comprised mainly the following:

(a) trade and other payables amounted to US$2.4 million or 75.0% of our total current liabilities. Trade and other payables mainly comprised payables to (i) subcontractors in relation to the construction of PHL; and (ii) suppliers of the DMC Business; and

(b) current income tax liabilities amounted to US$0.8 million or 25.0% of our total current liabilities. This relates to current income tax payable for the Myanmar statutory corporate tax in relation to the BOB Business and DMC Business.

Non-current liabilities

As at 31 March 2017, our non-current liabilities were approximately US$0.1 million, accounting for approximately 4.0% of our total liabilities. Our non-current liabilities referred to deferred income tax liabilities of the BOB Business.

Equity

As at 31 March 2017, total equity amounted to US$32.9 million which comprised mainly US$50.4 million of issued share capital and US$2.4 million of retained earnings, which was partially offset by the capital restructuring reserve of approximately US$19.8 million.

As at 30 June 2017

Current assets

As at 30 June 2017, our current assets amounted to approximately US$8.7 million accounting for approximately 24.5% of our total assets. Our current assets comprised the following:

(a) development properties of approximately US$6.7 million constituted 76.3% of our total current assets. Development properties relate to the land cost and initial design cost in relation to the BL Land held under CIL;

(b) trade and other receivables of approximately US$1.5 million constituted 16.9% of our total current assets. Trade and other receivables comprised mainly (i) deposits and prepayments of US$1.0 million; (ii) amounts due from related parties of US$0.3 million; and (iii) trade receivables of approximately US$0.1 million due from our customers; and

(c) cash and bank balances of approximately US$0.5 million constituted 5.5% of our total current assets.

Non-current assets

As at 30 June 2017, our non-current assets amounted to approximately US$27.0 million accounting for approximately 75.5% of our total assets. Our non-current assets comprised the following:

(a) PPE of approximately US$16.7 million constituted 62.0% of our total non-current assets. PPE primarily comprised leasehold land, buildings and landscaping of the HAL Business, land and construction-in-progress relating to PHL, hot-air balloons, and equipment, of the BOB Business; and

(b) intangible assets of approximately US$10.2 million constituted 38.0% of our total non-current assets. Intangible assets comprised mainly goodwill arising from the acquisition of the HAL Business and the DMC Business and air operating rights.

Current liabilities

As at 30 June 2017, our current liabilities of approximately US$3.1 million accounted for approximately 96.4% of our total liabilities. Our current liabilities comprised mainly the following:

(a) trade and other payables amounted to US$2.3 million or 74.2% of our total current liabilities. Trade and other payables mainly comprised trade payables to (i) subcontractors in relation to the construction of PHL; and (ii) suppliers of the DMC Business; and

(b) current income tax liabilities amounted to US$0.8 million or 25.8% of our total current liabilities. This relates to current income tax payable for the Myanmar statutory corporate tax in relation to the BOB Business and DMC Business.

Non-current liabilities

As at 30 June 2017, our non-current liabilities were approximately US$0.1 million, accounting for approximately 3.6% of our total liabilities. Our non-current liabilities comprised mainly deferred income tax liabilities of the Memories Group.

Equity

As at 30 June 2017, total equity amounted to US$32.5 million which comprised mainly US$50.4 million of issued share capital and US$1.7 million of retained earnings, which was partially offset by the capital restructuring reserve of approximately US$19.7 million.

7.5 Liquidity and Capital Resources

As at the Latest Practicable Date, the Memories Group financed our operations through internal and external sources. Internal sources refer to cash generated from the Group's operating activities and external sources refer to credit granted by

suppliers and capital contribution from shareholders. The principal uses of these cash sources are to finance purchases, capital expenditures and operating expenses such as payroll and administrative expenses.

The following table sets out a summary of the Memories Group's cash flows for the Period Under Review:

	Unaudited				
	FY2015	**FY2016**	**FY2017**	**3M2017**	**3M2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Net cash provided by operating activities	6,586	3,279	4,393	322	180
Net cash used in investing activities	(6,523)	(3,647)	(5,367)	(616)	(433)
Net cash provided by/(used in) financing activities	1,379	74	(479)	–	–
Net increase/(decrease) in cash and bank balances	**1,442**	**(294)**	**(1,453)**	**(294)**	**(253)**
Cash and bank balances at the beginning of the financial year/period	1,010	2,452	2,157	2,157	738
Effects of currency translation on cash and bank balances	–	(1)	(5)	1	–
Cash and bank balances at the end of the financial year/period	**2,452**	**2,157**	**699**	**1,864**	**483**

FY2015

In FY2015, we recorded a net cash inflow from operating activities of approximately US$6.6 million. This was a result of operating profit before changes in working capital of approximately US$2.1 million, adjusted for net working capital inflows of approximately US$4.8 million, and partially offset by payment of income tax of approximately US$0.3 million.

The net working capital inflows were mainly due to an increase in trade and other payables of approximately US$5.9 million, which was partially offset by an increase in trade and other receivables of approximately US$1.1 million.

Net cash outflow from investing activities amounted to approximately US$6.5 million, which was mainly due to the purchase of PPE during the financial year.

Net cash inflow from financing activities amounted to approximately US$1.4 million which was attributable to loans from shareholders.

As a result of the above, there was a net increase of approximately US$1.4 million in our cash and bank balances, from approximately US$1.0 million as at 31 March 2014 to approximately US$2.4 million as at 31 March 2015.

As at 31 March 2015, our cash and bank balances were approximately US$2.4 million.

FY2016

In FY2016, we recorded a net cash inflow from operating activities of approximately US$3.3 million. This was a result of operating profit before changes in working capital of approximately US$2.5 million, adjusted for net working capital inflows of approximately US$1.3 million, and partially offset by payment of income tax of approximately US$0.5 million.

The net working capital inflows were mainly due to an increase in trade and other payables of approximately US$3.2 million, which was partially offset by an increase in trade and other receivables of approximately US$1.9 million.

Net cash outflow from investing activities amounted to approximately US$3.7 million, which was mainly due to the purchase of PPE during the financial year.

As a result of the above, there was a net decrease of approximately US$0.3 million in our cash and bank balances, from approximately US$2.4 million as at 31 March 2015 to approximately US$2.1 million as at 31 March 2016.

As at 31 March 2016, our cash and cash equivalents were approximately US$2.1 million.

FY2017

In FY2017, we recorded a net cash inflow from operating activities of approximately US$4.4 million. This was a result of operating profit before changes in working capital of approximately US$2.4 million, adjusted for net working capital inflows of approximately US$2.4 million, and partially offset by payment of income tax of approximately US$0.4 million.

The net working capital inflows were mainly due to an increase in trade and other payables of approximately US$5.6 million, which was partially offset by an increase in trade and other receivables of approximately US$3.3 million.

Net cash outflow from investing activities amounted to approximately US$5.4 million, which was mainly due to the purchase of PPE during the financial year.

Net cash outflow from financing activities amounted to approximately US$0.5 million. US$0.4 million was paid out as dividends to shareholders of the DMC Business, and US$0.1 million was used to repay shareholder loans.

As a result of the above, there was a net decrease of approximately US$1.4 million in our cash and bank balances, from approximately US$2.1 million as at 31 March 2016 to approximately US$0.7 million as at 31 March 2017.

As at 31 March 2017, our cash and cash equivalents were approximately US$0.7 million.

3M2018

In 3M2018, we recorded a net cash inflow from operating activities of approximately US$0.2 million. This was a result of operating loss before changes in working capital of approximately US$0.5 million, adjusted for net working capital inflows of approximately US$0.7 million.

The net working capital inflows were mainly due to an increase in trade and other payables of approximately US$0.5 million, and decrease in trade and other receivables of approximately US$0.2 million.

Net cash outflow from investing activities amounted to approximately US$0.4 million, which was mainly due to the purchase of PPE during the financial period.

There were no cash inflows from financing activities during the financial period.

As a result of the above, there was a net decrease of approximately US$0.2 million in our cash and bank balances, from approximately US$0.7 million as at 31 March 2017 to approximately US$0.5 million as at 30 June 2017.

As at 30 June 2017, our cash and cash equivalents were approximately US$0.5 million.

7.6 Capital Expenditures, Divestments and Commitments

The capital expenditures and divestments made by the Memories Group in FY2015, FY2016, FY2017, 3M2018 and from 1 July 2017 to up to the Latest Practicable Date are as follows:

Capital Expenditures

US$'000	FY2015	FY2016	FY2017	3M2018	From 1 July 2017 to the Latest Practicable Date
Leasehold land	–	116	–	–	–
Buildings and landscaping	961	48	6	–	–
Machinery and equipment	164	4	5	–	–
Furniture and office equipment	194	23	47	28	16
Electrical equipment	23	–	–	–	148
Motor vehicles	109	117	201	–	–
Hot-air balloons equipment	523	433	276	–	–
Construction-in-progress	4,258	2,574	3,732	511	751
Total	**6,232**	**3,315**	**4,267**	**539**	**915**

The above capital expenditures were primarily financed by internally generated resources and financing activities.

Divestments

US$'000	FY2015	FY2016	FY2017	3M2018	From 1 July 2017 to the Latest Practicable Date
Machinery and equipment	–	–	–	–	–
Furniture and office equipment	–	–	–	33	4
Motor vehicles	3	24	2	6	–
Hot-air balloons equipment	–	307	–	–	–
Construction-in-progress	119	–	74	–	–
Total	**122**	**331**	**76**	**39**	**4**

Capital commitments

As at 31 March 2015, 31 March 2016, 31 March 2017, 30 June 2017 and as at the Latest Practicable Date, we have the following capital commitments:

US$'000	As at 31 March 2015	As at 31 March 2016	As at 31 March 2017	As at 30 June 2017	As at the Latest Practicable Date
Construction commitment for PHLHML	–	–	–	2,509	7,992
Construction commitment for CIL	–	–	205	123	–
Total	**–**	**–**	**205**	**2,632**	**7,992**

Operating lease commitments

The Memories Group has entered into operating leases for the use of various properties for our offices, storage facilities and warehouses. As at 31 March 2017, 30 June 2017 and as at the Latest Practicable Date, the future minimum rental payables under non-cancellable operating leases are as follow:

US$'000	As at 31 March 2017	As at 30 June 2017	As at the Latest Practicable Date
Not later than one (1) year	124	262	222
Later than one (1) year but not later than five (5) years	57	537	435
Total	**181**	**799**	**657**

7.7 Working Capital

The Memories Group financed its operations through both internal and external sources. Our internal sources of funds comprise cash generated from the Memories Group's operating activities. External sources of funds comprise mainly credit granted by suppliers and capital contribution from shareholders.

The Memories Group had cash and bank balances of approximately US$0.7 million as at 31 March 2017, US$0.5 million as at 30 June 2017 and US$0.8 million as at the Latest Practicable Date.

The net cash generated from the Memories Group's operating activities was approximately US$6.6 million, US$3.3 million, US$4.4 million, US$0.3 million and US$0.2 million for FY2015, FY2016, FY2017, 3M2017 and 3M2018 respectively. The Memories Group recorded positive working capital of approximately US$6.4 million and US$5.6 million as at 31 March 2017 and 30 June 2017 respectively.

The Proposed Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from our operations and our existing cash and cash equivalents, the working capital available to us as at the date of lodgment of this Circular is sufficient for present requirements and for at least 12 months after Completion.

The Sponsor and Financial Adviser is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from our operations and our existing cash and cash equivalents, the working capital available to us as at the date of lodgment of this Circular is sufficient for present requirements and for at least 12 months after Completion.

7.8 Contingent Liabilities

As at the Latest Practicable Date, to the best of the Proposed Directors' knowledge and belief, they are not aware of any contingent liabilities which may have a material effect on the financial position and profitability of the Memories Group.

7.9 Capitalisation and Indebtedness

The following table, which should be read in conjunction with (i) Section 6 of Part B of this Circular entitled "Selected Pro Forma Financial Information of the Memories Group"; (ii) the "Unaudited Pro Forma Consolidated Financial Statements of MM Myanmar Pte. Ltd. and its Subsidiary Corporations for the Financial Years ended 31 March 2015, 2016, 2017, and the Three-month Period ended 30 June 2017" as set out in Appendix D; (iii) the Audited Financial Statements of PHL, SLTG, CIL, TLH and AHTT for FY2015, FY2016 and FY2017 as set out in Appendix E, Appendix F, Appendix G, Appendix H and Appendix I in this Circular respectively; and (iv) the Unaudited Interim Financial Statements of PHL, SLTG, CIL, TLH and AHTT for 3M2018 as set out in Appendix J, Appendix K, Appendix L, Appendix M and Appendix N in this Circular respectively, shows our cash and cash equivalents, capitalisation and indebtedness:

(a) based on the unaudited pro forma consolidated financial statements of MM Myanmar and its Subsidiary Corporations as at 31 March 2017 and 30 June 2017;

(b) based on the unaudited pro forma consolidated management accounts of MM Myanmar and its subsidiary Corporations as at the Latest Practicable Date; and

(c) based on our unaudited consolidated management accounts as at the Latest Practicable Date as adjusted for net proceeds from the Proposed Compliance Placement, after deducting the estimated expenses in connection with the Proposed Transactions.

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000	As at the Latest Practicable Date US$'000	Adjusted for net proceeds from the Proposed Compliance Placement[(1)] US$'000
Cash and bank balances	699	483	832	21,506
Total shareholders' equity and reserves	32,905	32,462	31,766	52,440
Total capitalisation	**32,905**	**32,462**	**31,766**	**52,440**

Note:

(1) Assuming full allotment and issue of the Company Placement Shares.

As at the Latest Practicable Date, there are no loans or borrowings or bank facilities taken up by the Memories Group.

7.10 Significant Accounting Policy Changes

Pursuant to the requirement by the Singapore Accounting Standards Council announced on 29 May 2014, the Memories Group will apply a new financial reporting framework identical to the International Financial Reporting Standards ("**IFRS**") with effect from the financial year ending 31 March 2019. The Memories Group will assess the impact of IFRS 1 First-time Adoption of IFRS when transitioning to the new reporting framework. The Memories Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

Save as disclosed above, there has been no significant change in the accounting policies for the Memories Group during the Period Under Review. Please refer to the "Unaudited Pro Forma Consolidated Financial Information of MM Myanmar Pte. Ltd. and its Subsidiary Corporations for the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-month Period ended 30 June 2017" as set out in Appendix D of this Circular for more details on our accounting policies.

7.11 Foreign Exchange Management

As at the Latest Practicable Date, the revenue of the Memories Group is denominated mainly in US$ and the exposure to financial risks in changes in foreign currency exchange rates is not significant. Our cost of sales and operating expenses for (i) salary and related expenses for local employees and expenses to local suppliers are denominated in Kyat; and (ii) the salary and related expenses of hot-air balloon pilots are denominated in GBP. Accordingly, any adverse fluctuations in the exchange rate between (i) the US$ and Kyat; and/or (ii) the US$ and the GBP, will have an adverse effect on our earnings.

To the extent that the Memories Group's sales and purchases are not naturally matched in the same currency and to the extent that there are timing differences between invoicing, receipts from customers and payments to suppliers, we will be exposed to foreign currency exchange gains or losses arising from transactions in currencies other than our reporting currency. Please refer to Section 16 entitled "Risk Factors" of Part A of this Circular for details on foreign exchange risk in Myanmar.

Our net foreign exchange exposure for the Period Under Review were as follows:

	FY2015	FY2016	FY2017	3M2017	3M2018
Net foreign exchange (loss)/gain (US$)	(27)	227	86	(9)	(72)
As a percentage of revenue (%)	(0.3)	2.2	0.7	(2.4)	(12.5)
As a percentage of profit/(loss) before income tax (%)	(1.8)	13.2	5.6	1.5	9.3

We currently do not have a formal foreign currency hedging policy although we may, subject to the approval of the New Board, enter into relevant transactions when necessary, to hedge our exposure to foreign currency fluctuations. We will also put in place, where necessary, procedures to hedge our exposure to foreign currency fluctuations. Such procedures will be reviewed and approved by the New Audit Committee and the New Board to be in line with the foreign exchange management policy.

As at the Latest Practicable Date, the Memories Group's operations are wholly based in Myanmar.

7.12 Seasonality

The tourism industry in Myanmar is affected by seasonality, primarily due to changes in the weather over the year. The rainy season which runs from June to September and the hot season which runs from April to May are generally perceived as the non-peak seasons for travelling to Myanmar.

Due to such seasonality, the Memories Group's operations usually perform best during the six-month period from October to March. During the non-peak season from April to September, the BOB Business is not operational, the DMC Business

experiences lower tourist arrivals and the HAL Business has lower occupancy. Therefore, it is expected that the Memories Group's financial results in the interim reports for the third and fourth quarters of the FY would generally be better than the results in the first and second quarters of the FY. Despite the seasonal fluctuation, we adopt year-round business strategies to manage seasonality to drive sales, primarily relying on our pricing strategies, product-mix, marketing strategies and resources management.

For instance, during the non-peak season when the BOB Business is not actively operating hot-air balloon flights, more focus can be given to advance marketing activities and carrying out operational optimisation for the upcoming peak season.

7.13 Inflation

For the Period Under Review, inflation did not have a material impact on our performance.

Save as disclosed in this Circular, the Proposed Directors are not aware of any event which has occurred since the beginning of the most recent completed FY up to the Latest Practicable Date which may have a material effect on the financial position and results of the Memories Group or the Enlarged Group.

B8. Risk Factors

To the best of the Proposed Directors' knowledge and belief, as at the Latest Practicable Date, risks that (i) are material to Shareholders in making an informed judgment; and (ii) upon developing into actual events would have a material adverse impact on our businesses, operations, results, prospects, financial performance and/or financial condition, are set out below. The risks described below are not intended to be exhaustive. There may be additional risks not presently known to us, or that we currently deem immaterial, but which could affect our businesses, operations, results, prospects, financial performance and/or financial condition. If any of the following considerations and uncertainties develops into actual events, our businesses, operations, results, prospects, financial performance and/or financial condition could be materially and adversely affected. In such event, a Shareholder or prospective investor may lose all or part of his or its investment. All references in this Section to "we", "our" or "us" shall, unless the context requires otherwise, be deemed to refer to the Memories Group.

8.1 Risks relating to Our Business

Our interests in the Memories Businesses through the DOAs and POAs may be affected by changes in the laws, rules and regulations

As at the Latest Practicable Date:

(a) we have legal and beneficial ownership of 40.0% of the issued shares of SLTG and 59.9% of the issued shares of AHTT, the companies that own and operate the BOB Business and the DMC Business respectively, and we derive our remaining interests in the BOB Business and the DMC Business from (i) our Economic Interests in respect of the remaining 60.0% of the issued shares of

SLTG pursuant to the BOB DOA and the BOB POA; and (ii) our Economic Interests in respect of the remaining 40.1% of the issued shares of AHTT pursuant to the DMC DOA and the DMC POA; and

(b) subject to the Completion of HAL APA and Completion of BL APA, we derive all of our interests in the HAL Business and the BL Business from (i) our Economic Interests in respect of 100.0% of the issued shares of TLH (pursuant to the HAL DOA) and certain powers and authority over such shares (pursuant to the HAL POA); and (ii) our Economic Interests in respect of 100.0% of the issued shares of CIL (pursuant to the BL DOA) and certain powers and authority over such shares (pursuant to the BL POA).

While we have obtained the KCY Legal Opinion and the Proposed Directors are of the view that our interests in our businesses arising from the contractual arrangements as contemplated under the DOAs and POAs are compliant with existing Applicable Laws, we cannot preclude the possibility that there may be changes in Myanmar laws, rules or regulations or the possibility that the Myanmar courts or the relevant regulatory authorities may determine that the contractual arrangements as contemplated under the DOAs and POAs are in breach of or otherwise do not comply with Applicable Laws. In such events, we may not be able to continue to account for such interests in the Memories Businesses. Accordingly, our business, financial performance and/or financial standing may be materially adversely affected. As at the Latest Practicable Date, none of the circumstances as described above has occurred which has resulted in the DOAs and POAs being in breach of or otherwise not complying with applicable Myanmar laws, rules or regulations.

Our contractual arrangements as contemplated under the POAs may not allow us to effectively exercise control over the shares of the relevant Asset Holding Companies

While we do not own the legal and beneficial interests in the issued shares of TLH and CIL or have majority legal and beneficial interests in the issued shares of SLTG, the relevant SingCo SPVs have been granted POAs by the relevant Registered Shareholders of TLH, CIL, SLTG and AHTT, granting them certain powers and authority in respect of such shares, including the power and authority to do and perform any and all acts pertaining to the Registered Shareholders' rights as the holders of such shares which include the ability to vote on such shares to appoint directors to the board of directors of such companies.

The POAs are given in conjunction with the DOAs and (as expressly contemplated in the POAs) are irrevocable by the Registered Shareholders as long the SingCo SPVs' interests under the DOAs continue to subsist, and in turn, it is an express term of the DOAs that the DOAs may only be revoked by mutual agreement of the parties to the DOA. In light of the foregoing, it would be challenging for the Registered Shareholders to terminate or revoke the POAs.

However, there is no certainty or assurance that the Registered Shareholders will not purport to terminate, revoke the POAs and/or any of the powers or authority granted to the attorney(s) thereunder or otherwise challenge the legality, validity or

enforceability of the POAs. In such events, it may affect our ability to exercise effective control over TLH, CIL, SLTG and/or AHTT and the conduct of the business of the HAL Business, the BL Business, the BOB Business and/or the DMC Business. Accordingly, our business, financial performance and/or financial condition may be materially adversely affected.

The DOAs and POAs are governed by the laws of the Myanmar and we may have difficulty in enforcing any rights we may have under the contractual arrangements contemplated under the DOAs and POAs

The DOAs provide that any dispute, controversy or claim arising out of, relating to or in connection with the DOA shall be referred to and finally resolved by arbitration in Singapore administered by the Singapore International Arbitration Centre in accordance with the Arbitration Rules of the Singapore International Arbitration Centre. While Myanmar has acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, and Myanmar's Arbitration Law (Union Parliament Act No. 5/2016) provides for the enforcement of foreign awards in Myanmar, there is no certainty or assurance that an arbitral award in favour of us in relation to such dispute would be enforced in Myanmar.

As the DOAs and POAs are governed by Myanmar laws, they would be interpreted in accordance with Myanmar law. In the event of any disputes or disagreement, the relevant Registered Shareholders may choose to commence proceedings in Myanmar, and courts in Myanmar may decide to accept jurisdiction and enforce an adverse ruling against us. These contractual arrangements may not be enforceable in Myanmar if the Myanmar authorities or courts take a view that such contracts contravene Myanmar laws and regulations or are otherwise not enforceable for public policy reasons. If any of the foregoing occurs, our business, financial performance and/or financial condition may be materially adversely affected.

Our business is affected by seasonality and weather conditions

The tourism industry in Myanmar is affected by seasonality as Myanmar receives fewer tourists during the hot season period which runs from April to May and the rainy season period which runs from June to September. In addition, our businesses are also subject to weather conditions, in particular our BOB Business as our hot-air balloon flights will not be able take flight in poor weather conditions such as poor visibility, rain and/or adverse wind conditions. In the event of poor weather conditions, our customers may also choose to cancel their bookings and demand refunds, all of which will have an adverse impact on our revenue. Accordingly, our business, financial performance and/or financial condition may be materially adversely affected.

We are subject to risk in relation to the development, redevelopment and renovation of our properties and assets

We are in the midst of constructing the Pun Hlaing Lodge and intend to develop BL Land into a proposed commercial and tourism-related hospitality development. Such developments are capital intensive and require significant capital expenditure. In addition, we must maintain and renovate the properties that we own in order to

remain competitive, maintain the value and brand standards of our properties and comply with Applicable Laws. Such efforts are subject to a number of risks, including:

(i) construction delays or cost overruns of labour and materials which may increase project costs;

(ii) the cost and time required to obtain zoning, occupancy and other required permits or authorisations from the relevant authorities;

(iii) governmental restrictions on the size or kind of development;

(iv) *force majeure* events, including earthquakes, tornados, hurricanes or floods; and

(v) building or design defects that could potentially increase costs.

The aforementioned risks may affect the construction of Pun Hlaing Lodge and timely completion of the Pun Hlaing Lodge in FY2019. Under the terms of the RTO SPA, there is no specific recourse against the PHL Vendor in the event of any delays in the construction of Pun Hlaing Lodge although the PHL Vendor has agreed to be responsible for (and act as a guarantor in respect of) procuring SPA D&P (who is the project manager appointed for the PHL Construction) to duly manage such construction. Furthermore, the PHL Vendor is also not a party to any construction contract in relation to the PHL Construction and accordingly will not be liable to PHLHML for any non-conformance or breach of such construction contracts. Any cost overruns resulting from any delays in the construction of Pun Hlaing Lodge will (unless such delays are caused by *force majeure* events) be fully borne by the PHL Vendor under the terms of the RTO SPA. However, the Company does not have any recourse against the PHL Vendor for any potential loss of income that may arise from a late commencement of operations of the PHL Business due to, *inter alia*, delays in the construction of Pun Hlaing Lodge. Accordingly, this may have an adverse impact on the business, financial performance and/or financial condition of the Enlarged Group.

In addition, while the construction costs to be borne by the Company is capped at US$12.0 million pursuant to the RTO SPA, there are certain exceptions to this that may result in the Company having to bear additional cost overruns in relation to the construction of Pun Hlaing Lodge, such as those resulting from changes to existing laws or proposed new laws not in force at the date of the RTO SPA, or loss or delay caused by fire, floods or other *force majeure* events occurring after Completion. In the event that any cost overruns is not borne by the PHL Vendor under the terms of the RTO SPA, the Company will have to incur additional costs which may adversely affect the business, financial performance and/or financial condition of the Enlarged Group.

We are dependent on the services of contractors and other service providers for the construction of Pun Hlaing Lodge, and subsequently, for the development of BL Land

We rely substantially on contractors and sub-contractors to provide various services in relation to the construction of Pun Hlaing Lodge, and the construction and development of the BL Land. Such services include piling and foundation works, engineering, landscaping, installation of air-conditioning units and elevators, mechanical and electrical installation, utilities installation, interior decoration and any other specialist work.

While management typically appoints contractors and/or sub-contractors based on certain selection criteria which may include past working relationships, track records, known financial position and market reputation, in the event that any contractors or sub-contractors engaged by us default on or otherwise fail to fully perform their obligations or experience financial difficulties that may affect their ability to carry out the work that they were contracted for, this may cause delay or failure in the completion of the construction of Pun Hlaing Lodge or the BL Land, resulting in additional costs for us, delay to the commercial operation of the PHL Business or the BL Business or resulting in us suffering losses or damages. Accordingly, any of these factors could adversely affect our business, financial performance and/or financial condition.

There is no certainty or assurance that we will be able to develop the BL Land and commence the BL Business

Although it is currently the intention for the BL Land to be developed into a proposed commercial and tourism-related hospitality development, the exact nature and scope of the BL Business is subject to commercial feasibility and the relevant Approvals being obtained including regulatory Approvals for the development of the BL Land for commercial purposes.

There may be a considerable time gap before we are able to finalise the plans for development of the BL Land and commence operating the BL Business. Also, there may be unforeseen circumstances that could affect the progress of the development of the BL Land, such as poor weather conditions. Cost overruns may also occur due to inadequate controls or errors in the estimation of the cost of labour and materials. Accordingly, we are unable to anticipate the viability or progress of the BL Business after Completion of the Proposed Acquisition.

As the BL Land is located in Bagan which is generally considered to be part of the Restricted Zone, there is a possibility that it may be categorized as Restricted Zone by the relevant authorities and in such event, there may be prohibitions or restrictions on the development and use of the BL Land for certain commercial or industrial purposes.

If any of the foregoing events occur, we may not be able to develop the BL Land and/or commence the BL Business or obtain ownership of the BL Business in the manner envisaged under the Restructuring in a timely manner or at all, which may have a material adverse impact on the expected growth and prospects of our business, financial performance and/or financial condition.

We may not be able to derive or fully maximise the potential synergies and opportunities expected from our integrated tourism platform

By operating an integrated tourism platform, we expect to derive operational synergies, economies of scale and opportunities from cross-selling our offerings. In addition, we expect to benefit from an unified and cohesive branding and management of our products and services, all under a single name, the "Memories Group".

Whether such synergies and benefits will materialise will depend on, amongst other factors, the ability of the management team to integrate the businesses and operations and maximise synergies across our various business segments, to develop and implement effective branding and marketing strategies across our business segments, and the receptiveness of our immediate and end-customers to such plans and strategies. If the Memories Group is not able to realise the expected synergies, economies of scale and opportunities or operate our business as expected, our business, financial performance and/or financial position may be materially adversely affected.

We rely on intermediaries to promote our products and services to our end-customers

Our customers for our Experiences Segment and Hotels Segment are mainly local travel agents, who make advance bulk purchases of tickets for our hot-air balloon flights, and procure or recommend our hotels or lodges as part of the tour packages being offered to tourists or travellers coming to Myanmar. Our customers for our Services Segment are mainly overseas travel agents, to whom AHTT offers its services for designing and implementing customised tours, events and travel logistics in Myanmar. To promote our products and services to end-customers, we need to continue to maintain good relationships with such intermediaries, and there is no certainty or assurance that such intermediaries will not reduce their demand for our products and services.

We may also from time to time be involved in disputes regarding payments or other matters with such intermediaries, and such disputes might lead to termination of our existing contracts with such parties and/or legal and other proceedings. There is a further risk that such intermediaries may from time to time experience financial or other difficulties, which may affect our ability to collect any outstanding amounts which they may owe us at the relevant time. If any of the foregoing occurs, our business, financial performance, financial position and/or reputation may be adversely affected. As at the Latest Practicable Date, none of the circumstances as described above has occurred which has adversely affected the Memories Group's business, financial performance, financial position and/or reputation.

We may face increased competition or limited growth

The tourism industry in Myanmar is rapidly evolving, and while our Proposed Directors are of the view that we offer a unique integrated tourism platform, new players in the market may emerge, some of whom may have better name recognition, branding and greater financial resources than us.

With the entry of new players in the market and increased competition, our market share may be adversely affected resulting in reduced profitability. While we will seek to remain competitive by enhancing the value of our product offerings and having an established network of business relationships, there is no assurance that such measures can be effective in mitigating the potential adverse effects of competition on our business operations and market position. If we are unable to compete effectively, the Memories Group's business, financial performance and/or financial position may be materially adversely affected.

In relation to the BOB Business, there may be potential limitations on our ability to expand our operations in Bagan. As at the Latest Practicable Date, SLTG operates 12 hot-air balloons in Bagan and the Relevant Authorities have imposed a maximum limit of 21 hot-air balloons that are allowed to fly in Bagan. There is no similar restriction imposed for the operation of hot-air balloons in the Inle Lake region. We may not be able to expand our business in the event, *inter alia*, the Relevant Authorities do not increase the maximum limit for the number of hot-air balloons that are allowed to operate in Bagan.

We do not have long-term or committed contracts with our customers or our suppliers

Our customers generally do not enter into long-term contracts with us, and hence our revenue will be subject to fluctuations in demand. Accordingly, our business and financial performance may be adversely affected if our revenue or profit margin drops when demand is weak.

As we generally do not enter into long-term contracts or have fixed terms for purchases from our suppliers, we may be exposed to increases in operating costs due to price increase by our suppliers. For instance, propane gas, which is the fuel required for our hot-air balloons, is one of the main supply costs for the BOB Business, and there are only a limited number of propane suppliers operating in Myanmar. Accordingly, any increase in cost of sales for our businesses will have an adverse impact on our profit margin which will then affect our financial results and/or position.

We may be subject to other increases in operating costs which we are unable to pass on to our customers

Our business is dependent on human capital and we are vulnerable to changes in the availability and costs of hiring employees locally and from other countries, which could lead to an increase in employee compensation expenses. Other costs such as utility and energy costs, property tax and insurance costs may also increase. In the

event of an increase in costs and we are unable to fully pass on such increased costs to our customers, our margins will be eroded and this may have a material adverse impact on our financial performance and/or financial condition.

We may be exposed to losses, claims or liability and/or loss or damage to our reputation arising from emergencies, accidents or incidents in operating our business

In the course of operating our businesses, there may from time to time be emergencies, accidents or incidents arising, including hot-air balloon accidents, theft and other crimes at our hotels or lodges, which may or may not cause our end-customers to be injured or exposed to adverse experiences.

We may be exposed to potential significant losses in the event that we have to pay any client claims, compensation or damages for such emergency, accidents or other incidents, and there may also be significant costs related to repairs or replacement of our damaged properties or assets and their temporary or permanent loss of service or use. There can be no assurance that we will not be affected by such events or that the amount of our insurance coverage will be adequate in the event such circumstances arise and any such event could cause a substantial increase in our insurance premiums.

In addition, any negative or adverse publicity or customer feedback or comments arising from such emergencies, accidents or incidents, even if fully insured or financially covered, may create a public perception that our products or services are less reliable or safe and the resulting loss or damage to our reputation could have a material adverse impact on our business and financial performance. As at the Latest Practicable Date, none of the circumstances as described above has occurred which has adversely affected the Memories Group's business, reputation and financial performance.

Many of our transactions are cash-settled, which may pose potential security and internal controls and risk management risks

Myanmar is currently largely a cash-based society. As a result, many of our transactions are cash-settled, for example, when we organise tours, our tour guides will often need to carry large amounts of cash with them to pay for transportation and entrance fees to tourist attractions. Many of the invoices of our other suppliers are also settled in cash, rather than through payment by cheques, bank transfers or remittances or via electronic banking. Likewise, we traditionally pay the salaries of our employees in cash at their request.

Such cash settlement practices mean we have to regularly keep and maintain large amounts of cash in our offices, which makes our businesses more susceptible to the risk of theft and robbery and other associated security risks. We also need to implement effective internal controls and risk management measures to ensure that our cash is well-guarded and properly accounted for. In the event such security risks materialise or we have lapses in our internal controls and risk management measures, our cash assets may be depleted and this may in turn have an adverse impact on our financial performance or financial position. As at the Latest

Practicable Date, none of the circumstances as described above has occurred which has adversely affected the Memories Group's financial performance or financial position.

Our properties are subject to land grants or leases of fixed tenure, of varying durations, and we may have to relocate or cease our operations if we are unable to renew such land grants or leases or find alternative locations to operate our business upon the expiry of such land grants or leases

In Myanmar, corporate entities with foreign ownership are generally not permitted to own immovable property and/or lease immovable property for more than one (1) year. They can only hold properties through long-term leases to be approved by the relevant authorities, or else through short-term leases not exceeding one (1) year in tenure (subject to renewal).

The PHL Land (on which the PHL Business will operate upon completion of construction of the Pun Hlaing Lodge) is subject to a long-term lease, having a lease tenure of 50 years, which may be renewed for two (2) consecutive periods of up to 10 years each. The HAL Land (on which the Hpa An Lodge is situated and the HAL Business operates) is a 10 year short term lease by the Hpa An General Administration Department. In the event we are unable to renew the lease for the PHL Land or the HAL Land Grant upon expiry of their initial terms, or to obtain a new lease or grant thereafter, we would have to relocate or cease operations for PHLHML and TLH, which may have a material adverse impact on our business, financial performance and/or financial condition.

SLTG leases various properties on long-term and short-term leases for use as launching sites for its hot-air balloon flights from third parties based on prevailing market rates. There is no certainty or assurance that SLTG will be able to continue to lease such sites at current rental rates, failing which SLTG may have to find other alternative launching sites, or incur higher operating costs to continue to rent such existing sites, which may have a material adverse impact on our business, financial performance and/or financial condition.

As at the Latest Practicable Date, none of the circumstances as described above has occurred which has resulted in the Memories Group's businesses having to relocate or cease its operations.

Please see Section 5.16 of Part B of this Circular for further details of our properties and fixed assets.

We face irregularities and uncertainty regarding certain terms of our land grants

As further elaborated in Section 5.16 of Part B of this Circular entitled "Properties and Fixed Assets", there are certain irregularities or uncertainty relating to certain terms of our land grants, including terms as to permitted use and construction period, which may potentially be considered as non-compliant with the terms of such land grants.

Although the Relevant Authorities have not taken any enforcement action or enforcement notification against us as at the Latest Practicable Date, there is no certainty or assurance that the Relevant Authorities will not take enforcement actions, which include exercising their discretion to cancel these land grants and take possession of the Relevant Land and the building and fixtures thereon, in the event they determine there to be breaches of covenants under the relevant land grants.

In addition, at the time of the issuance of the BL Land Grant and the BOB Land Grant by the Relevant Authorities, the respective land grants have not been assessed and stamped to the full requisite amount as may be required under law, and the annual land grant fees payable under the terms of certain plots under the BL Land Grant have not been fully paid. In addition, CIL is not in possession of the title deeds in respect of certain plots of freehold land in respect of the BL Business which were acquired by it.

We are also in the midst of applying for the new land grants (i) in the name of TLH in respect of the HAL Land; and (ii) in the name of CIL in respect of the 5 Plots of BOB Land. There is no assurance that the relevant Approvals and certificates will be successfully obtained. In the event that such Approvals are not obtained in a timely manner or at all, there may be a delay in the implementation of our future plans and our properties may be subject to legal irregularities.

Our business, financial performance and/or financial condition may be materially adversely affected in the event that we are unable to enforce our property rights due to the uncertainty regarding our due compliance with and/or the enforceability of these land grants as further elaborated in Section 5.16 of Part B of this Circular entitled "Properties and Fixed Assets".

The HAL Business may be operating on land in excess of the HAL Land

Based on the Land Survey Report, the HAL Business is likely to be utilising the Land Use Discrepancy Areas, which is the current vehicle parking area of Hpa An Lodge beyond the buildings or facilities of Hpa An Lodge.

Based on the Land Survey Report, the precise coordinates for the HAL Land were not available from official records or from the local land authorities, and the location of the HAL Land determined under the Land Survey Report is only approximate based on the documents provided and all other publicly available information, hence the precise boundaries of the Land Use Discrepancy Areas and the owner thereof cannot be conclusively determined. Accordingly, there is no certainty or assurance that the owner of the Land Use Discrepancy Areas will not seek to reclaim the Land Use Discrepancy Areas in the future.

In the event that we are unable to use or own or secure a lease of the Land Use Discrepancy Areas, we may incur costs to relocate the affected sections and facilities of Hpa An Lodge to the adjoining land next to the HAL Land which MMT has agreed to grant the HAL Business the exclusive right to use, which may have an adverse impact on our business and operations.

Please refer to Section 5.16 of Part B of this Circular entitled "Properties and Fixed Assets" for further details on the Land Use Discrepancy Areas.

HAL Business not entirely formally conducted under TLH historically

Historically, certain aspects of the HAL Business have been conducted in the name of "Hpa An Lodge" (being the name of the lodge operated under the HAL Business) or MMT (being the Registered Shareholder and Managing Director of TLH) instead of TLH (being the proper legal entity carrying on the HAL Business as the Latest Practicable Date).

For instance, many commercial contracts, leases and employment contracts entered into in connection with the HAL Business were purported to have been entered into by or were otherwise addressed to "Hpa An Lodge". While steps were taken to ensure that certain of such contracts were duly transferred to or amended to be under the name of TLH, there is no certainty or assurance that TLH will be able to enforce past or current contracts which have not been formally transferred to or amended to be in the name of TLH.

Furthermore, certain taxes in connection with or relating to the HAL Business (including commercial tax and corporate income tax) were historically paid by MMT in his name for the HAL Business rather than in the name of TLH. Such arrangement came about, *inter alia*, to align with certain practice or customs of the local authorities and due to the HAL Land being held in the name of MMT. Such arrangement has ceased following the Corporate Vendor Buyout and the transfer of the HAL Land in the name of TLH.

There is no certainty or assurance that the relevant tax authorities will regard such taxes as having been paid by or on behalf of TLH, and TLH may be exposed to losses or liabilities in the form of unpaid taxes, fines and penalties in the event it is construed to have failed to duly file and pay the relevant taxes in connection with the HAL Business. In such event, TLH may be liable for the past taxes paid of approximately US$29,984 and potential fines and penalties imposed by the tax authorities.

Due to the uncertainty as to which taxes will be regarded as having been paid by or on behalf of TLH as mentioned above, the Memories Group is of the opinion that it would not be feasible to rectify such irregularities. The Memories Group is of the opinion that any such losses or liabilities arising from the above irregularities will be mitigated by certain tax warranties and indemnities (including the Tax Indemnities) given by JMR pursuant to and subject to the terms of the JMR Deed of Undertaking and Warranty and warranties and indemnities under the Corporate Vendor Buyout which have been assigned by the Corporate Vendor to DMC SPV (in respect of the Corporate Vendor Buyout of the DMC Business) and HAL SPV (in respect of the Corporate Vendor Buyout of the HAL Business). However, the Memories Group's business, financial performance and/or financial condition may be materially adversely affected in the event the Company is unable to make claims under the various tax warranties and indemnities obtained pursuant to the JMR Deed of

Undertaking and Warranty and the Corporate Vendor's assignment of its rights under the relevant Corporate Vendor Buyout documentation to the HAL MM Co to recover such losses or liabilities.

Certain arrangements for collection of overseas payments on behalf of AHTT and SLTG may potentially be considered non-compliant with Applicable Laws.

As AHTT and SLTG both did not have bank accounts outside of Myanmar previously, they were not able to directly collect or receive overseas payments from customers. Phoenix Voyages historically accepted overseas payments from customers on behalf of AHTT as part of the collaboration or working relationship between AHTT and Phoenix Voyages, while YSH historically accepted overseas payments from customers on behalf of SLTG, and such amounts were then repatriated to AHTT or SLTG (as the case may be) in Myanmar on an ongoing basis.

Under the FEML, and prior thereto, the FERA (which was repealed following the enactment of the FEML), there is a requirement for Myanmar companies to repatriate income earned outside of Myanmar back to Myanmar. However, unlike the FERA (which requires immediate repatriation), the FEML and the Foreign Exchange Management Regulations 2014 do not provide any specified timeframe within which such repatriation must occur, or stipulate any penalties for non-compliance with such requirement. It remains open to the CBM to pass the necessary notifications, orders and/or directives describing the relevant penalties for non-compliance with Section 12 of FEML and if it should do so, it may possibly set a grace period for everyone to comply, failing which a person who is non-compliant may be subjected to the relevant penalties. It is however difficult to speculate what those penalties are and whether or when such notifications, orders and/or directives will be passed.

A contravention of any provision of the FERA potentially subjects an erring company's directors or officers in charge at the time in question to enforcement action(s) by the relevant authorities and exposure to fines, penalties and other sanctions including imprisonment terms if they are found to have knowledge of the relevant offence or failed to exercise all due diligence to prevent the commission of the relevant offence.

There is no certainty or assurance that the relevant authorities will not subject AHTT and/or SLTG to enforcement action for the breach or violation of the FEML or the FERA (prior to its repeal) if there is any failure or delay on their part in the repatriation of income, including overseas payments from customers collected or held on their behalf, back to Myanmar in accordance with the requirements of such legislation, and AHTT and/or SLTG may be subject to losses or liabilities in the form of fines and penalties. The Enlarged Group's business, financial performance and/or financial condition may be materially and adversely affected in the event the Memories Group is unable to make claims under the various tax warranties and indemnities obtained pursuant to and subject to the RTO SPA the JMR Deed of Undertaking and Warranty and the Corporate Vendor's assignment of its rights under the relevant Corporate Vendor Buyout documentation to the Memories Group to recover any losses or liabilities which may be suffered or incurred by AHTT and/or SLTG as a result of the above.

Uncertainty in application and enforcement of applicable tax laws and regulations in Myanmar may lead to uncertainty over whether we have fully provided for all potential tax liabilities of our Myanmar-incorporated Memories Group Companies

Our Memories Group Companies incorporated in Myanmar are subject to obligations to pay various taxes under applicable Myanmar laws and regulations, including income tax, commercial tax, and withholding tax.

However, there may be uncertainty arising as to the applicable amount of taxes which our Memories Group Companies incorporated in Myanmar may have to pay from time to time due to, *inter alia*, the need to apply applicable exchange rates to revenue receipts which are denominated in US$ to compute the relevant amount of taxable income, and the computation of the net commercial tax payable on revenue for which commercial tax was paid earlier, mainly in the case of the DMC Business and the HAL Business.

In addition, AHTT may not have paid commercial tax on the full amount of its past revenue and/or corporate tax on the full amount of its past profit before tax prior to the completion of the Corporate Vendor Buyout, and it may also have potential liability to pay certain withholding tax. Please refer to Section 13 of Part B of this Circular entitled "Regulations Overview", under the sub-heading "Potential Tax Liabilities of AHTT" for further details of such potential tax liabilities.

There is no certainty or assurance that the relevant authorities will not subject the relevant Myanmar Group Companies to enforcement action for failure to or delay in paying all relevant taxes, and the relevant Myanmar Group Companies may be subject to losses or liabilities in the form of unpaid taxes, fines and penalties, which may or may not be within the amounts currently provided for in their accounts.

The Memories Group's business, financial performance and/or financial condition may be materially adversely affected in the event the Company is unable to make claims under the various tax warranties and indemnities obtained pursuant to and subject to the terms of the RTO SPA, the JMR Deed of Undertaking and Warranty and the Corporate Vendor's assignment of its rights under the relevant Corporate Vendor Buyout documentation to the relevant SingCo SPV to recover any losses or liabilities which may be suffered or incurred by the Myanmar Group Companies as a result of any of the foregoing. The directors or officers in charge at the time in question may also potentially be subject to enforcement action by the relevant authorities and exposed to fines, penalties and other sanctions including imprisonment terms if they are found to have knowledge of the relevant offence or failed to exercise all due diligence to prevent the commission of the relevant offence. In particular the Commercial Tax Law of Myanmar provides that any person that fails to abide by the stipulations under the law without sufficient reason may be punished with imprisonment.

A portion of the DMC Business is derived from its collaboration with Phoenix Voyages

As further elaborated in Section 5.2.2 of Part B of this Circular, AHTT secures business from overseas travel agents for its services through overseas distribution channels and a network of sales and representative channels which are contracted for or maintained by Phoenix Voyages pursuant to the terms of the Collaboration Agreement.

The Collaboration Agreement has a term of four (4) years commencing from 1 December 2016 but may be terminated earlier by any party upon occurrence of certain events of default in respect of the other party, and may also be terminated by AHTT with respect to a particular distribution channel if the base costs and/or commission payable associated with that distribution channel exceeds an agreed rate.

There is no certainty or assurance that the Collaboration Agreement will not be subject to early termination, or will be renewed upon its expiry, on the same terms or at all. In the event AHTT and Phoenix Voyages cease their collaboration, AHTT's business may be adversely affected if it is not able to independently or jointly establish overseas distribution, sales and representative channels to replace such arrangement with Phoenix Voyages.

It is contemplated that certain payments made by AHTT's customers for services rendered by AHTT may from time to time be billed and/or collected by Phoenix Voyages on behalf of AHTT. For instance, in cases where there are Combined Tours or multi-country tour packages booked jointly with Phoenix Voyages, payment may be made directly to Phoenix Voyages which will then remit the requisite revenue to AHTT. In such cases, AHTT's ability to collect such payments will be subject to Phoenix Voyages' creditworthiness, liquidity and overall financial condition. Accordingly, if Phoenix Voyages defaults or delays any payments of such revenue, our business, financial performance and/or financial standing may be materially adversely affected.

As at the Latest Practicable Date, none of the circumstances as described above have occurred resulting in adverse effects of the Memories Group's business, financial performance and/or financial standing.

Irregularities in Employment Contracts and Practices

Historically, the employment contracts of some employees under the Memories Businesses did not utilise the SECT (and were not registered with the relevant authorities) within the prescribed timeline. Accordingly, there may have been past non-compliance in the employment terms of such employees relating to, *inter alia*, maternity leave, overtime pay and minimum wage and there was also past non-compliance in respect of registrations with, and contributions to, the Social Security Board ("**SSB**") for AHTT and TLH employees prior to the Corporate Vendor Buyout. This non-compliance has since been rectified with the adoption of the SECT for all employees, with the exception of the pilots under the BOB Business who have been engaged as independent contractors, as further discussed in Section 9.3 of

Part B of this Circular entitled "Employees" and AHTT and TLH's registration of their existing employees with the SSB and payments for social security contributions for the period since the Corporate Vendor Buyout, as further discussed in Section 13 of Part B of this Circular entitled "Regulations Overview".

There is no certainty or assurance that the relevant authorities will not subject the relevant Memories Businesses to enforcement action for past non-compliance with the SECT and/or subject SLTG to enforcement action by reason of the pilots' contracts for services not conforming to the SECT even though they are independent contractors and not employees of SLTG and/or any outstanding arrears of social security contributions which remain unpaid and/or for past non-compliance with the obligation to pay social security contributions for employees, and in such event, our business and reputation may be materially adversely affected.

Our ability to continue our business is dependent on regulatory Approvals, which may be revoked in the event we are found to be in non-compliance with Applicable Laws

Our ability to develop, manage and operate our businesses successfully will depend on, *inter alia*, our ability to obtain, renew and/or maintain the necessary Approvals required for such businesses from the relevant authorities. For example, in the case of the BOB Business, some of its Approvals are obtained or renewed prior to the start of every BOB Operating Season, and SLTG's ability to operate the hot-air balloons depends on its ability to secure such licences and Approvals in a timely manner for the BOB Operating Season. Please refer to Section 5.15 of Part B of this Circular for further details of such licences and approvals. There is no certainty or assurance that we will be able to renew our existing licences (including seasonal licences in connection with the BOB Business) on the same terms or obtain any new licences or approvals that are imposed under new laws, rules or regulations. In such events, we may have to cease to operate part or all of the relevant business, which will have a material adverse impact on our business, financial performance and/or financial position.

In the event that we are found to be in non-compliance with the terms of our licences, permits and approvals by the relevant authorities, including in respect of certain historical non-compliance incidents as further described in Section 5.15 of Part B of this Circular entitled "Licences, Permits and Approvals", in addition to possible fines, monetary penalties or other administrative penalties, our licences, permits and approvals may be cancelled, revoked or suspended. In addition, the operations in the Inle Lake region in relation to the BOB Business fall outside of the scope of permitted activities under the SLTG MCIL MIC Permit. For breaches or violations of the terms of the SLTG MCIL Permit, the MIC has the discretion to impose administrative penalties on SLTG such as (i) censure; (ii) temporary suspension of business; (iii) temporary suspension of tax exemptions and reliefs; (iv) revocation of a permit or an endorsement; or (v) addition of the business to a blacklist for which no permit or endorsement shall be issued in the future.

There may also have been possible breaches of terms of applicable permits or licences or approvals of the Asset Holding Companies which occurred prior to the acquisition of interests in such companies by the relevant Vendors, and there is no certainty or assurance that the relevant authorities may not pursue enforcement action against the relevant Asset Holding Companies even though such breaches occurred under the former owners.

Should this occur, our ability to carry on the relevant business may be adversely affected, and this may in turn have a material adverse impact on our financial performance or financial position.

As at the Latest Practicable Date, none of the circumstances as described above has occurred and which has adversely affected the Memories Group's business, financial performance and/or financial standing.

For further details of the licences, permits and approvals required for our various businesses, please refer to Section 5.15 of Part B of this Circular.

Certain losses may be uninsured

Despite the recent liberation of the insurance market in Myanmar, private insurers still offer a limited range of insurance products and coverage available in Myanmar also remain relatively limited at the moment, or if available, the terms of such insurance policies may not be commercially attractive.

As a result of the foregoing, as further elaborated in Section 5.14 of Part B of this Circular entitled "Insurance", certain risks associated with the operation of our business may not be insured or fully insured, such as:

(i) motor insurance (i.e. third-party liability) with respect to certain of our motor vehicles;

(ii) personal insurance or group life insurance with respect to our employees;

(iii) public liability insurance with respect to certain of our business operations; and

(iv) insurance to cover loss or damage caused by acts of God, such as natural disasters or other causes, acts of war, contamination or other environmental breaches.

Any inability to obtain insurance, on commercially acceptable terms or at all, could subject us to enforcement action by the relevant authorities and/or result in us having to incur losses or liabilities which we cannot recover from insurance proceeds or otherwise protect against. Furthermore, there can be no assurance that our existing insurance coverage will adequately cover actual losses incurred. To the extent that uninsured risks materialise and/or actual losses incurred by us exceed the amount insured, we may have to bear substantial losses which may have a material adverse impact on our business, financial performance and/or financial

condition. As at the Latest Practicable Date, none of the circumstances as described above has occurred and which has adversely affected the Memories Group's business, financial performance and/or financial standing.

We are dependent on certain key personnel to manage and operate our business

Our ability to execute our proposed growth strategy and our future plans for the continued success of the Memories Group will depend largely on the skills, experience and performance of our management team, including our Executive Chairman, Mr Serge Pun, CEO, Mr Michel Novatin and Chief Operating Officer, JMR. Our management team has extensive experience in the hospitality and tourism industry, and will play a key role in marketing activities, operations, setting the corporate culture and communicating the appropriate messages to our employees.

In respect of the BOB Business, we are reliant on attracting and retaining pilots with the requisite skills, experience and relevant licences, whom we recruit internationally. There may be a short supply of such qualified pilots and competition for their services may result in difficulty hiring them. In addition, the engagement of the pilots happens on a seasonal basis, and their contracts for services periodically require renegotiation and renewal.

The loss of the services of any of our Executive Directors or Executive Officers and any difficulty in recruiting or retaining the necessary skilled and experienced personnel on their current remuneration terms or at all, may potentially disrupt our business and/or increase our operating costs which may have a material adverse impact on our business, financial performance and/or financial condition.

The maintenance and enhancement of our properties or assets may disrupt our operations and our revenue.

We are reliant on the condition and quality of our properties and assets, in particular the hotels, lodges and the hot-air balloons. While we intend to carry out the majority of the required maintenance and enhancement work on our properties and assets during the non-peak season, there is no assurance that we will be able to complete such maintenance and enhancement work before the peak season. Our business and operations may be disrupted if we need to carry out substantial maintenance and it may not be possible to earn revenue during the period of disruption. Accordingly, this may result in a material adverse impact on our business, financial performance and/or financial condition.

We may be unable to obtain future financing, to fund our operations, expected capital expenditures and working capital requirements on favourable terms, or at all

We may need to obtain debt or equity financing in future to fund the construction of the Pun Hlaing Lodge and the proposed commercial development on the BL Land, as well as possible acquisitions and the development of other hospitality and/or hospitality related assets. In addition, funds may be required for periodic

refurbishments, renovations, repairs and improvements to existing properties and assets under the PHL Business and the HAL Business, and for the replacement and repair of equipment such as the hot-air balloons under the BOB Business.

Additional equity or debt financing is subject to prevailing conditions in the equity and debt financing markets and may not be available on favorable terms or at all. Additional equity financing may result in a dilution of Shareholders' equity interests. In the event of debt financing, we will be subject to certain risks, including the risk that our cash flows will be insufficient to meet the required payments of principal and interest under such financing. We may not be able to meet all of our obligations to repay principal on our debt obligations through our cash flows from operations and may be required to repay maturing debt with funds from additional debt and/or equity financing.

In addition, lenders may not be willing to accept our properties as collateral for loans due to, amongst others, the illiquidity of the relevant property or its location in Myanmar. Lenders may also impose certain conditions on us, for example requiring consent for corporate restructuring, restricting additional financing, or imposing the maintenance of certain financial ratios. These conditions may reduce the availability of our cash flows for capital expenditures and operations and may limit our ability to plan for and react to changes in the business environment.

If we are unable to raise financing on favourable terms, or at all, we may not be able to fund our operations sufficiently or we may be unable to carry out our planned development. This may adversely affect our ability to implement our growth strategy, and may have a material adverse impact on our business, financial performance and/or financial condition.

We are exposed to risks associated with acquisitions, joint ventures or strategic alliances

As part of our growth strategy and depending on available opportunities, feasibility and market conditions, we may enter into acquisitions, joint ventures and/or strategic alliances with third parties. Participation in acquisitions, joint ventures, strategic alliances, and/or other investment opportunities involves numerous risks, including the possible diversion of management resources, the inability to successfully integrate any new businesses and the loss of capital.

If and when we intend to enter into a joint venture, there is a risk that if any of our joint venture partners is unable to deliver its obligations or commitments under the joint venture (such as failure to perform according to the expertise expected of the joint venture partner or to meet its financial obligations), it may cause delay in the completion of our development projects and/or result in additional costs. In such events, our financial performance may be adversely affected. There can be no assurance that we will be able to execute our growth strategies successfully and as such, the performance of any strategic alliances, acquisitions or investments could fall short of expectations and may have a material adverse impact on our business, financial performance and/or financial condition.

We may face increased legal and compliance costs and become subject to additional regulations and requirements after Completion which could lower our profits or make it more difficult to run our business

After Completion, the Memories Group will become part of the Enlarged Group. As part of a group that is listed on Catalist, we will have to comply with the additional regulations and requirements under the Catalist Rules, and this may lead to increased legal and compliance costs. We will also be subject to continuing disclosure requirements, including the requirement to publicly announce our financial results and condition, and other material developments, which may give a competitive advantage to our competitors. Our need to comply with such regulations and requirements may accordingly cause our profitability to be adversely affected or make it more difficult to run our business.

8.2 Risks relating to the industry in general

Apart from certain key market challenges facing the hospitality and tourism industry in Myanmar as further elaborated in Section 5.20.2 of Part B of this Circular, other general industry risks which may potentially affect our businesses, operations, results, prospects, financial performance and/or financial condition are as follows:

The hospitality and tourism industry maybe affected during economic downturns or low levels of economic growth

The performance of the hospitality and tourism industry is closely linked to the performance of the general economy and is sensitive to business and personal discretionary spending levels. Accordingly, we are susceptible to decreases in corporate and individual budgets and spending and may experience adverse financial performance during economic downturns or low levels of economic growth.

Our business is subject to the prevailing economic conditions in the markets or countries from which our end customers originate. As at the Latest Practicable Date, the majority of our end customers are from Europe, with additional key segments being the North America and the Asia-Pacific region. A deterioration in economic conditions in any of these markets or countries may reduce the number of customers using our services and in turn could have a material adverse effect on our business, financial position and results of operations.

Exposure to external events such as acts of God, natural disasters, wars, political instability, terrorist attacks, riots or the outbreak of contagious disease

An outbreak of contagious or virulent diseases in Myanmar with the potential to become a pandemic will deter travels to or within the country and dampen the hospitality and tourism industry in general, and hence affect the demand for our products and services.

Natural disasters may have a negative impact on the hospitality and tourism industry. For example, Bagan has experienced earthquakes and cyclones in the past. Occurrences of such events may cause tourism traffic to decline, and hence affect the demand for our products and services.

We derive the majority of our income from foreign tourists or travellers coming in to visit Myanmar, as opposed to domestic tourists or travellers. Political instability or international sanctions, terrorist attacks or other world events could deter foreign travellers from visiting Myanmar and result in decreased demand for our products and services.

If any of the foregoing events or circumstances occur in the future, our business, financial performance and/or financial condition may be materially adversely affected.

Changes in consumer behaviour and preferences may adversely affect our business

Changes in consumer behaviour and preferences can subject our revenues to significant volatility and may make it considerably more difficult for us to engage in seasonal planning. In contrast, the majority of our expenses, such as labour cost, property taxes, rent, insurances and utilities, are relatively fixed or may increase at a greater rate than our revenues. In the event that we are unable to anticipate changes in travel trends and consumer preferences and to tailor our products and services accordingly, the demand for our products and services may be adversely affected, and this may lead to a material adverse impact on our business, financial performance and/or financial condition.

Tourist arrivals may not increase, and increasing tourism arrivals may not improve our financial performance

There can be no assurance that tourist arrivals in Myanmar will increase in the future as it is affected by various factors. Even if tourist arrivals to Myanmar do increase, it is not certain that an increase would lead to a corresponding increase in the revenues or operating profits of our businesses.

The hotel and hospitality industry is subject to certain operating risks

Certain industry related risk factors inherent to the operation of hotels such as an oversupply of hotels in a particular geographic location, changes in the desirability of any particular geographic location as a tourist destination, lodging preferences and travel patterns, cost and administrative burdens associated with compliance with Applicable Laws, labour disruptions and/or the rise of alternative temporary accommodation services may adversely affect demand for our hotel products and services, and have a material adverse impact on our business, financial performance and/or financial condition.

We may be affected by changes in government legislation, regulations and policies which affect the hospitality or tourism industry in Myanmar

Any change in government legislation, regulations, rules, fiscal policies or zoning ordinances directly or indirectly affecting the hospitality or tourism sector in Myanmar may have an impact on our ability to develop, manage and operate our businesses, and/or the viability or profitability of our businesses. Without limiting the generality of the foregoing, such changes in legislation, regulations and policies could include potential increase in labour costs resulting from increases to minimum wage levels, unionisation of the labour force and increasing health care insurance expense. There could also be changes in taxes and governmental regulations that influence or set wages, prices, interest rates or construction and maintenance procedures and costs. Such changes could increase the costs and administrative burdens associated with compliance with Applicable Laws. Furthermore, any change in the application of such laws or policies by governmental authorities may also adversely affect our business and operations.

We may be affected by any changes to labour and immigration laws and policies that govern foreign employees

We employ and will continue to employ foreigners in our business and are subject to Applicable Laws in relation to their employment. Any changes in Applicable Laws, regulations or policies of Myanmar or those of the foreigners' countries of origin may result in labour shortages and/or an increase in our operating costs. For example, some of our employees, including the pilots employed by us in the BOB Business, are foreigners and any changes in Applicable Laws, regulations or policies of Myanmar or those of the foreign pilots' countries of origin that compromise or prejudice our ability to engage such foreign pilots will significantly and adversely affect the BOB Business.

B9. Directors, Executive Officers and Employees

9.1 Directors

Our MM Myanmar Directors are entrusted with the responsibility for the overall management of the MM Myanmar. The particulars of the MM Myanmar Directors as at the date of this Circular are set out below:

Name	Position
Mr Serge Pun	Executive Chairman
Mr Michel Novatin	Executive Director and CEO
Mr Tun Tun	Non-Executive Director

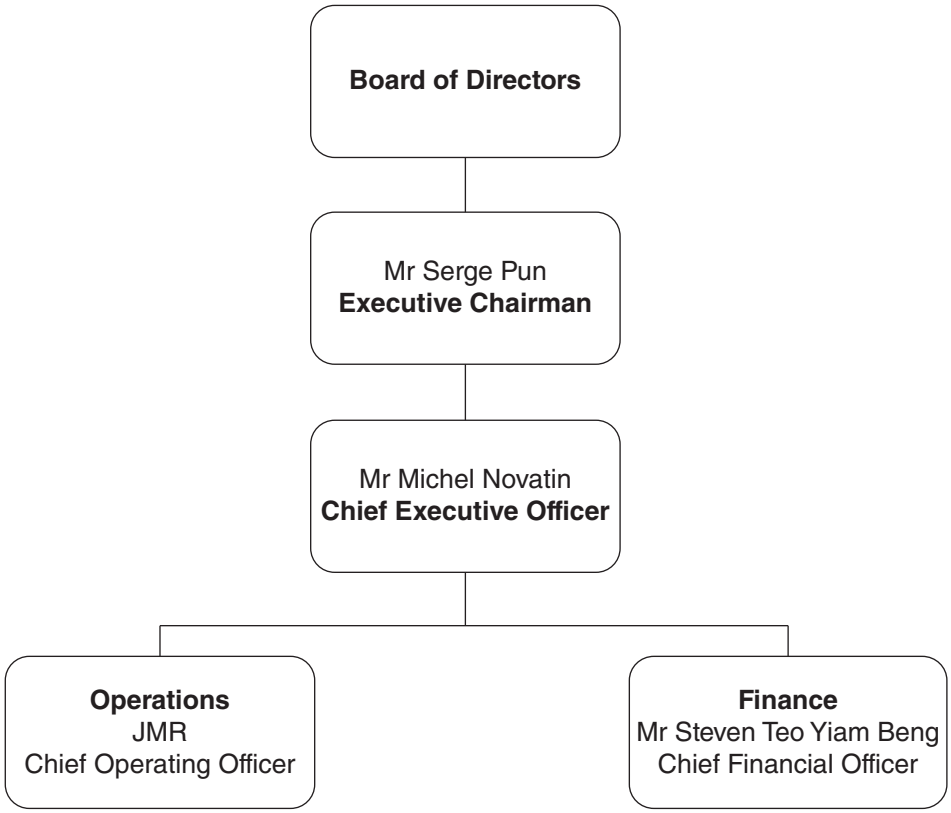
It is envisaged that the MM Myanmar Directors shall also be Proposed Directors to be appointed to the Board of Directors of the Company upon Completion of the Proposed Acquisition. Information on the business and working experience, education and professional qualifications, if any, and areas of responsibility of our MM Myanmar Directors are set out in Section 14 of Part A of this Circular.

9.2 Executive Officers and Management Reporting Structure

Our day-to-day operations of the Memories Group are managed by a team of experienced executive officers, comprising Mr Serge Pun, our Executive Chairman, Mr Michel Novatin, our Executive Director and CEO, and JMR, our Chief Operating Officer. Mr Steven Teo, the Interim Chief Financial Officer of the Company, has been actively involved in the finance matters of the Memories Group as part of the financial due diligence process for the Proposed Acquisition and had also worked closely with the finance team of the Memories Group in relation to, *inter alia*, the review and audit of the financial statements of the Asset Holding Companies.

It is envisaged that Mr Serge Pun and Mr Michel Novatin shall be appointed as the Proposed Directors of the Company, while JMR and Mr Steven Teo shall be appointed as the Proposed Executive Officers of the Company upon Completion of the Proposed Acquisition. Information on the business and working experience, education and professional qualifications, if any, and areas of responsibility of Mr Serge Pun, Mr Michel Novatin, JMR and Mr Steven Teo are set out in Section 14 of Part A of this Circular.

Our management structure is set out below:



9.3 Employees

As at the Latest Practicable Date, the Memories Group has 326 full-time employees. We believe that our relationship with our employees is good. None of our employees occupying managerial positions belong to labour unions. We do not employ a significant number of temporary employees.

The table below shows the breakdown of the full-time employees of the Memories Group by business function as at 31 March 2015, 31 March 2016, 31 March 2017 and 30 June 2017:

	As at 31 March 2015	As at 31 March 2016	As at 31 March 2017	As at 30 June 2017
Segmented by activity				
Management	2	2	2	2
Finance	11	12	14	14
Operations	255	280	300	300
Sales and business development	3	6	9	9
Total	271	300	325	325

As at the Latest Practicable Date, the pilots under the BOB Business are hired under service contracts, where they agree to provide their services to SLTG to fly the hot-air balloons operated by SLTG in Bagan and the Inle Lake region in their capacity as independent contractors.

The pilots engaged under the BOB Business work on a seasonal basis. They are hired before the start of each season to fly the hot-air balloons and their engagement then expires at the end of the season. Pilots are compensated on a lump sum basis for their services rendered. In view of this, many of the terms of the SECT, including terms relating to working hours and overtime pay, are not applicable to them, and are accordingly not provided for in their contracts.

Save for social security contributions and other statutory contributions in Myanmar, we have not set aside or accrued any amounts to provide for pension, retirement or similar benefits for any of our employees.

B10. Interested Person Transactions

Under the Catalist Rules, transactions between an entity at risk and an interested person are known as interested person transactions.

For the purposes of the Catalist Rules, an "entity at risk" refers to:

(i) the Company;

(ii) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the listing group or the listed group and its interested person(s) has control over the associated company,

upon Completion of the Proposed Acquisition.

Upon Completion, the Memories Group Companies will become subsidiaries of the Company. Accordingly, transactions between any of the Enlarged Group Companies and any of the Company's interested persons upon Completion (namely, the Proposed Directors, the Proposed CEO, the Controlling Shareholders upon Completion and/or their respective associates) (collectively the "**Interested Persons**") constitute interested person transactions under Chapter 9 of the Catalist Rules.

Save as disclosed below, to the best of the Proposed Directors' knowledge and belief, none of the Interested Persons was or is interested, whether directly or indirectly, in any material transaction undertaken by the Memories Group in FY2015, FY2016, FY2017, 3M2018 and for the period from 1 July 2017 up to the Latest Practicable Date ("**Relevant Period**").

In line with Chapter 9 of the Catalist Rules, a transaction with a value of less than S$100,000 is not considered material and is not taken into account for the purposes of aggregation in this Section.

10.1 Interested Persons

The following persons and companies are considered "Interested Persons" for the purposes of this Section:

Interested Person	Nature of relationship
Mr Serge Pun and his associates	Upon Completion of the Proposed Acquisition, Mr Serge Pun will be the Executive Chairman of the Company and a Controlling Shareholder by virtue of his deemed interest in the Shares held by YSIL and FMI. Accordingly, Mr Serge Pun is an Interested Person. Mr Serge Pun holds in aggregate approximately 33.25% direct and deemed interest in YSH as at the date of this Circular and is deemed interested in the Shares held by YSIL immediately after Completion of the Proposed Acquisition on the completion of the Proposed Compliance Placement as YSIL is a wholly-owned subsidiary of YSH as at the Latest Practicable Date.

Interested Person	Nature of relationship
YSIL and its associates (comprising YSH, and its subsidiaries and such other companies in which YSH, YSIL and their subsidiaries hold directly or indirectly interests of 30.0% or more)	Upon Completion of the Proposed Acquisition, YSIL will be a Controlling Shareholder which is expected to hold approximately 41.6% of the Shares immediately after Completion of the Proposed Acquisition and the completion of the Proposed Compliance Placement. Accordingly, YSIL is an Interested Person. YSH is a Controlling Shareholder by virtue of its deemed interest in the Shares held by YSIL. Accordingly, YSH is an Interested Person. The subsidiaries of YSH and YSIL and entities in which YSH, YSIL and their subsidiaries hold directly or indirectly interests of 30.0% or more are considered associates of YSH and YSIL and are accordingly Interested Persons. These associates of YSIL and YSH include, but are not limited to: (a) PHL; (b) SPA Project Management; (c) SPA D&P; (d) YDG; (e) YDGL; (f) CHPL; (g) YNL; (h) YVCL; (j) CBC; (j) CPC; and (k) Yoma Fleet.

Interested Person	Nature of relationship
First Myanmar Investment Company Limited, and its associates	FMI is a public company incorporated in Myanmar and is listed on the Yangon Stock Exchange. Mr Serge Pun is deemed interested in the Shares held by FMI, which is expected to hold approximately 10.4% of the Shares immediately after Completion of the Proposed Acquisition and the completion of the Proposed Compliance Placement. As at the Latest Practicable Date, Mr Serge Pun and his associates hold approximately 62.7% interest in FMI. The associates of FMI include, but are not limited to: (a) Yoma Bank Limited; and (b) CHPL. FMI and such of its associates in which Mr Serge Pun and his associates hold directly or indirectly interests of 30.0% or more are considered associates of Mr Serge Pun and are accordingly Interested Persons.
SPA Myanmar and its associates	Serge Pun & Associates (Myanmar) Limited is a private company incorporated in Myanmar and as at the Latest Practicable Date, Mr Serge Pun holds direct and indirect interests of approximately 90.0% in SPA Myanmar. The associates of SPA Myanmar include, but are not limited to: (a) Yangon Land Co., Ltd.; (b) Hlaing River Golf & Country Club Co., Ltd. ("**HRGCCL**"); (c) FMI Syndication Limited; and (d) FMI Air Limited. SPA Myanmar and such of its associates in which Mr Serge Pun and his associates hold directly or indirectly interests of 30.0% or more are considered associates of Mr Serge Pun and are accordingly Interested Persons.
Mr Tun Tun	Upon Completion of the Proposed Acquisition, Mr Tun Tun will be a Non-Executive Director of the Company. Accordingly, he is an Interested Person.

10.2 Interested Person Transactions under the Restructuring and the Master Settlement and Investment Deed

The Master Settlement and Investment Deed was entered into by the Vendors, all of the relevant Registered Shareholders and MM Myanmar, *inter alia*, for the purpose of obtaining the agreement and undertakings of the Registered Shareholders to implement and give effect to the Restructuring and for MM Myanmar to agree to allot and issue the MM Myanmar Consideration Shares to the Vendors as consideration for the Restructuring.

There are certain agreements, deeds, undertakings and/or transactions entered or to be entered into as contemplated under the Restructuring and the Master Settlement and Investment Deed (collectively the "**Restructuring Transactions**"), namely the Restructuring Documents and other documentation and/or transactions entered or to be entered into by and between the Memories Group and YSIL and FMI (in their capacity as Vendors), YNL, YDGL, Mr Serge Pun, YDG, SPA Project Management and Mr Tun Tun (in their capacity as the SLTG Registered Shareholders, Original SLTG Registered Shareholders, SLTG Original Registered Shareholders, CIL Registered Shareholders, PHL Registered Shareholders and/o the PHLHML Registered Shareholders and/or Original PHLHML Registered Shareholders and/or PHLHML Original Registered Shareholders (as the case may be)) and CHPL (in its capacity as a Previous Interest Holder), which constitute interested person transactions.

In particular, the following Restructuring Documents constitute interested person transactions:

Restructuring Documents constituting interested person transactions	Relevant interested person(s)[1] who are parties to the Restructuring Documents
Restructuring Documents in relation to the BOB Business	
(a) BOB SPA	(a) YNL and YDGL[2]
(b) BOB DOA	(b) YDGL[2]
(c) BOB POA	(c) YDGL[2]
(d) Option to Acquire SLTG Shares	(d) YDGL[2]
(e) Release and Discharge by Previous Interest Holders (BOB)	(e) CHPL[2]
	(f) YDGL[2]
(f) Release and Discharge by Registered Shareholders (BOB)	(g) YSIL[3] and FMI[4]
(g) Release and Discharge by Vendors (BOB)	

Restructuring Documents constituting interested person transactions	Relevant interested person(s)[1] who are parties to the Restructuring Documents
Restructuring Documents in relation to the PHL Business	
(a) PHLHML SPA	(a) YDG and SPA Project Management[2]
(b) Option to Acquire PHL Land	(b) PHL[2]
(c) Option to Acquire PHL Shares	(c) YNL[2] and Mr Serge Pun[5]
(d) Deed of Assignment of ACTA	(d) YDG and SPA Project Management[2]
(e) Release and Discharge by Registered Shareholders (PHL)	(e) YNL[2] and Mr Serge Pun[5]
(f) Release and Discharge by Vendors (PHL)	(f) YSIL[3]
Restructuring Documents in relation to the BL Business	
(a) BL DOA	(a) Mr Serge Pun[4] and Mr Tun Tun[6]
(b) BL POA	(b) Mr Serge Pun[4] and Mr Tun Tun[6]
(c) CIL Undertaking	(c) Mr Serge Pun[4] and Mr Tun Tun[6]
(d) Deed of Assignment of CIL Liabilities	(d) CHPL[1]
(e) Release and Discharge by Previous Interest Holders (BL)	(e) CHPL[1]
(f) Release and Discharge by Registered Shareholders (BL)	(f) Mr Serge Pun[4] and Mr Tun Tun[6]
(g) Release and Discharge by Vendors (BL)	(g) Mr Serge Pun[4] and Mr Tun Tun[6]
Restructuring Documents in relation to the HAL Business	
(a) HAL DOA	(a) Mr Serge Pun[4] and Mr Tun Tun[6]
(b) HAL POA	(b) Mr Serge Pun[4] and Mr Tun Tun[6]
(c) Release and Discharge by Registered Shareholders (HAL)	(c) Mr Serge Pun[4] and Mr Tun Tun[6]
(d) Option to Acquire TLH Shares	(d) Mr Serge Pun[4] and Mr Tun Tun[6]

Restructuring Documents constituting interested person transactions	Relevant interested person(s)[1] who are parties to the Restructuring Documents
Restructuring Documents in relation to the DMC Business	
(a) DMC DOA	(a) Mr Tun Tun[6]
(b) DMC POA	(b) Mr Tun Tun[6]
(c) Option to Acquire AHTT Shares	(c) Mr Tun Tun[6]
(d) Release and Discharge by Registered Shareholders (DMC)	(d) Mr Tun Tun[6]

Notes:

(1) Save as disclosed above, the other counterparties to the Restructuring Documents namely, DKOW, MMT, DBA, KTSS, APR and other Previous Interest Holders are not related to the Controlling Shareholders or Directors. In addition, as CIL and TLH are considered a Memories Group Company, the Restructuring Documents in which they are a party do not constitute as an interested person transaction.

(2) These entities are Interested Persons by virtue of the fact that they are associates of YSH and YSIL, which will be Controlling Shareholders immediately after Completion of the Proposed Acquisition and the completion of the Proposed Compliance Placement.

(3) These entities are Interested Persons by virtue of the fact that they will be Controlling Shareholders immediately after Completion of the Proposed Acquisition and the completion of the Proposed Compliance Placement.

(4) These entities are Interested Persons by virtue that they are associates of Mr Serge Pun, who will be the Executive Chairman of the Company and a Controlling Shareholder immediately after Completion of the Proposed Acquisition and the completion of the Proposed Compliance Placement.

(5) Mr Serge Pun is an Interested Person by virtue that he will be the Executive Chairman of the Company and a Controlling Shareholder immediately after Completion of the Proposed Acquisition and the completion of the Proposed Compliance Placement.

(6) Upon Completion of the Proposed Acquisition, Mr Tun Tun will be the Non-Executive Director of the Company.

For further details of such Restructuring Transactions, please refer to Section 3.4 of Part B of this Circular entitled “Restructuring”.

While some of the Restructuring Transactions (including without limitation Completion of the BOB SPA, Completion of the DMC SPA, and Completion of PHLHML SPA) have been completed as at the Latest Practicable Date, there are other Restructuring Transactions (including without limitation Completion of the BL APA and Completion of the HAL APA) which will be completed only after Completion of the Proposed Acquisition.

The Proposed Directors are of the view that the Restructuring Transactions, which were agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, were not made on normal commercial terms and not on an arm's length basis, but are not prejudicial to the interests of the Company and the minority Shareholders.

Shareholders are deemed to have specifically approved any and all interested person transactions required in connection with the Restructuring Transactions, the Restructuring and/or the Master Settlement and Investment Deed and as such these transactions are not subject to Rules 905 and 906 of the Catalist Rules to the extent there are no subsequent material changes to the terms of the agreements in relation to each of these transactions.

10.3 Past Interested Person Transactions of the Memories Group

(a) Disposal of assets by CIL to the YSH Group

On 1 April 2017, CIL disposed of two (2) subsidiaries, namely CBC and CPC, to YVCL, an associate of the YSH Group, for a total consideration of Kyat 415.5 million (equivalent to approximately US$304,003) comprising Kyat 37.5 million (equivalent to approximately US$27,637) for CBC and Kyat 375 million (equivalent to approximately US$276,367) for CPC, based on their respective net book value (the "**Disposal Amount**"). This was carried out as part of the internal restructuring exercise to streamline the Memories Group's structure in preparation for the Proposed Acquisition. Both CBC and CPC were incorporated to explore investment opportunities in Myanmar. However, they are both currently non-operational and do not form part of the Proposed Acquisition.

As at the Latest Practicable Date, the Disposal Amount outstanding is Kyat 415.5 million (equivalent to approximately US$304,512). The Disposal Amount will be fully repaid, set-off, waived, released, discharged or otherwise deemed settled or satisfied on Completion in the manner as set out in the Master Settlement Deed as further described in paragraph (i) below.

The Proposed Directors are of the view that the disposal of CBC and CPC was not made on normal commercial terms and not on an arm's length basis, but are not prejudicial to the interests of Memories Group and the minority Shareholders.

(b) Lease of office premises by FMI Syndication Limited to the Memories Group

The Memories Group had previously entered into a lease agreement ("**FMI Lease**") with FMI Syndication Limited for the lease of office premises at FMI Centre for use as SLTG's office. During the Relevant Period, the aggregate rental fees paid by the Memories Group to FMI Syndication Limited under the FMI Lease were as follows:

Nature of transaction	FY2015 (US$)	FY2016 (US$)	FY2017 (US$)	3M2018 (US$)	From 1 July 2017 to the Latest Practicable Date (US$)
Lease of office premise under the FMI Lease	108,912	92,480	89,114	20,713	–

As at the Latest Practicable Date, the FMI Lease has been terminated following the relocation of SLTG's offices to its new office premises at Swiss Business Office Centre.

The Proposed Directors are of the view that the transaction was conducted on normal commercial terms and on an arm's length basis, as the terms granted to the Memories Group by FMI Syndication Limited under the FMI Lease, including the rental fees, are similar to those offered to other third party lessees by FMI Syndication Limited. According, the above transaction is not prejudicial to the interests of the Company and the minority Shareholders.

(c) Payment by the YSH Group and SPA Group on behalf of the Memories Group

During the Relevant Period, the YSH Group and the SPA Group had made certain payments on behalf of the Memories Group in relation to operating expenses such as administrative expenses, staff costs, travel expenses, incorporation fees and other related expenses ("**Payments on behalf of Memories Group**").

During the Relevant Period, the aggregate amounts of Payments on behalf of Memories Group made were as follows:

Nature of transaction	FY2015 (US$)	FY2016 (US$)	FY2017 (US$)	3M2018 (US$)	From 1 July 2017 to the Latest Practicable Date (US$)
Payments made by YSH Group on behalf of the Memories Group	783,672	868,416	2,208,414	228,928	205,849
Payments made by SPA Group on behalf of the Memories Group	13,944	3,242	2,017	–	–

The Proposed Directors are of the view that the above transactions were not on normal commercial terms and not carried out on an arm's length basis but are not prejudicial to the interests of the Company and the minority Shareholders.

All Payments on behalf of Memories Group by the YSH Group will be fully repaid, set-off, waived, released, discharged or otherwise deemed settled or satisfied on Completion in the manner as set out in the Master Settlement Deed as further described in paragraph (i) below.

The Memories Group does not intend to enter into any transactions of the above nature in the future.

(d) Advances to CIL by YSH Group

During the Relevant Period, the YSH Group provided certain advances to CIL ("**Advances to CIL**").

During the Relevant Period, the aggregate outstanding amounts of Advances to CIL as at 31 March 2015, 31 March 2016, 31 March 2017, 30 June 2017 and as at the Latest Practicable Date were as follows:

Nature of Transaction	As at 31 March 2015 (US$)	As at 31 March 2016 (US$)	As at 31 March 2017 (US$)	As at 30 June 2017 (US$)	As at the Latest Practicable Date (US$)
Advances provided by CHPL in relation to the purchase of BL Land[(1)]	6,607,131	6,586,692	6,565,083	6,565,136	6,565,362
Amount owing to CBC and CPC in relation to initial paid-up share capital ("**Advances from CBC and CPC**")[(2)]	380,751	343,444	304,004	304,101	304,512

Notes:

(1) The advances provided by CHPL in relation to the purchase of BL Land is US$6,398,526 and Kyat 226 million. The US$ equivalent of Kyat 226 million is translated based on exchange rates as at 31 March 2015, 31 March 2016, 31 March 2017, 30 June 2017 and the Latest Practicable Date.

(2) The Advances from CBC and CPC is Kyat 412.5 million. The US$ equivalent of the Advances from CBC and CPC is based on the exchange rate as at the end of 31 March 2015, 2016, 2017, 30 June 2017 and Latest Practicable Date.

As no fee or interest was paid in relation to the Advances to CIL and there were no fixed repayment terms, the Proposed Directors are of the view that these transactions were not on normal commercial terms and not carried out on an arm's length basis but are not prejudicial to the interests of the Company and the minority Shareholders.

During the Relevant Period, the largest amount of Advances to CIL was US$6,607,131.

All Advances to CIL (other than the CIL Liabilities) will be fully repaid, set-off, waived, released, discharged or otherwise deemed settled or satisfied on Completion in the manner as set out in the Master Settlement Deed as further described in paragraph (i) below.

The CIL Liabilities have been assigned to BL SPV pursuant to the Deed of Assignment of CIL Liabilities referred to in paragraph (e) below.

The Memories Group does not intend to enter into any transactions of the above nature in the future.

(e) Deed of Assignment of CIL Liabilities

CIL had on 19 November 2017 entered into the Deed of Assignment of CIL Liabilities with CHPL pursuant to which CHPL had assigned to BL SPV the advances provided by CHPL in relation to the purchase of BL Land amounting US$6,398,526 and Kyat 226.0 million subject to and conditional upon Completion taking place:

As the Deed of Assignment of CIL Liabilities was entered into pursuant to the Restructuring, the Proposed Directors are of the view that these transactions were not on normal commercial terms and not carried out on an arm's length basis but are not prejudicial to the interests of the Company and the minority Shareholders.

The CIL Liabilities will not be subject to the Master Settlement Agreement.

(f) Shareholder's loan from the YSH Group to SLTG

During the Relevant Period, the YSH Group extended shareholder's loan ("**SLTG Shareholder Loan**") to SLTG for working capital purposes. The outstanding amount of the SLTG Shareholder Loan as at 31 March 2015, 31 March 2016, 31 March 2017, 30 June 2017 and as at the Latest Practicable Date were as follows:

Nature of balance	As at 31 March 2015 (US$)	As at 31 March 2016 (US$)	As at 31 March 2017 (US$)	As at 30 June 2017 (US$)	As at the Latest Practicable Date (US$)
SLTG Shareholder Loan	506,988	509,842	490,042	493,385	500,972

As no fee or interest was paid in relation to the SLTG Shareholder Loan and there were no fixed repayment terms, the Proposed Directors are of the view that these transactions were not on normal commercial terms, and not carried out on an arm's length basis but are not prejudicial to the interests of the Company and the minority Shareholders.

During the Relevant Period, the largest amount of SLTG Shareholder Loan was US$509,842.

All SLTG Shareholder Loan will be fully repaid, set-off, waived, released, discharged or otherwise deemed settled or satisfied on Completion in the manner as set out in the Master Settlement Deed as further described in paragraph (i) below.

The Memories Group does not intend to enter into any transactions of the above nature with the Interested Persons in the future.

(g) Collection of ticket sales proceeds by YSH on behalf of SLTG

During the Relevant Period, YSH had from time to time received or made collections of the proceeds from the sale of hot-air balloon tickets by SLTG on behalf of SLTG as SLTG did not maintain bank amounts outside of Myanmar to collect such proceeds from overseas customers.

The aggregate amount of ticket sales proceeds received or collected by YSH on behalf of SLTG during the Relevant Period were as follows:

Nature of transaction	FY2015 (US$)	FY2016 (US$)	FY2017 (US$)	3M2018 (US$)	From 1 July 2017 to the Latest Practicable Date (US$)
Sales proceeds received by YSH Group on behalf of the Memories Group	885,250	826,209	1,473,793	205,830	96,239

As YSH did not charge SLTG any fees for rendering its assistance to receive or collect ticket sales proceeds on behalf of SLTG, the Proposed Directors are of the view that these transactions were not on normal commercial terms and not carried out on an arm's length basis but are not prejudicial to the interests of the Company and the minority Shareholders.

Such outstanding amount will be fully repaid, set-off, waived, released, discharged or otherwise deemed settled or satisfied on Completion in the manner as set out in the Master Settlement Agreement as further described in paragraph (i) below.

As at the Latest Practicable Date, a Singapore bank account had been set up by BOB SPV to receive such payments from overseas customers. Accordingly, the Memories Group does not intend to enter into any transactions of the above nature with Interested Persons in the future.

(h) Amount owing by SLTG in respect of dividend payable

SLTG declared a dividend of US$3,000,000 in September 2016 which remains unpaid as at the Latest Practicable Date, and such dividend will be paid, set-off, waived, released, discharged or otherwise deemed settled or satisfied on Completion in the manner as set out under the Master Settlement Agreement as further described in paragraph (i) below.

(i) Master Settlement Agreement

On 19 November 2017, a master settlement deed was entered into by and between (i) SLTG; (ii) CIL; (iii) MM Myanmar; (iv) SPA Myanmar; (v) YSIL whereby parties agreed that, *inter alia*, subject to and conditional upon Completion taking place, certain outstanding amounts which are due from SLTG and/or CIL to certain members of the YSH Group or certain members of the SPA Group (collectively the "**Related Parties**") and certain outstanding amounts which are due from the Related Parties to SLTG and/or CIL shall be assigned by or to, and/or assumed, by SLTG and/or CIL and/or the Related Parties and (where applicable) set off against certain other outstanding amounts which are due from SLTG and/or CIL to the Related Parties as at 30 September 2017 and/or certain other outstanding amounts which are due from the Related Parties to SLTG and/or CIL as at 30 September 2017 shall be deemed set off, waived, released, discharged or otherwise deemed, settled or satisfied on Completion, such that as at 30 September 2017, a net resulting amount of US$138,044 remains owing by SLTG and/or CIL to the Related Parties ("**Net Resulting Amount due to the Related Parties**") ("**Master Settlement Agreement**"). Upon Completion, the Net Resulting Amount due to the Related Parties will be assumed by MM Myanmar in place of SLTG and CIL and will remain as a non-interest bearing advance made by the Related Parties to MM Myanmar to be repaid on such date or dates and in such manner as the relevant parties may mutually agree from time to time.

The Proposed Directors are of the view that the Master Settlement Agreement was not made on normal commercial and not on an arm's length basis, but are not prejudicial to the interests of the Company and the minority Shareholders.

As no fee or interest will be charged on the Net Resulting Amount due to the Related Parties, the Proposed Directors are of the view that the Net Resulting Amount due to the Related Parties is not on normal commercial terms and not on an arm's length basis, but are not prejudicial to the interests of the Company and the minority Shareholders.

(j) Novation of the rights and obligations under certain construction contracts in relation to the construction of the Pun Hlaing Lodge from PHL to PHLHML

YDG and SPA Project Management (both being the registered shareholders of PHLHML as at the date of the ACTA), PHLHML and PHL entered into the ACTA on 26 January 2017 and as amended on 1 June 2017, pursuant to which, *inter alia*, all of the relevant contracts, works in progress and inventories in relation to the Pun Hlaing Lodge project together with all prepayments made under such relevant contracts for works and services to be rendered on or after 1 July 2017 shall vest or become vested in PHLHML. The ACTA was entered into to facilitate the Restructuring and no consideration was payable under the ACTA.

In connection with the ACTA, (i) PHLHML and PHL had, on 30 June 2017, entered into various agreements with contractors pursuant to which PHLHML assumed the rights and obligations of PHL under various supply, construction

and other service contracts with third parties in relation to the construction of the Pun Hlaing Lodge, effective from 1 July 2017 (the "**PHL Business Novations**"); and (ii) PHLHML and PHL had, on 5 June 2017, entered into a Long Term Lease in respect of the PHL Land. The PHL Business Novations were entered into to facilitate the Restructuring and no consideration was payable under the novation agreements.

The Proposed Directors are of the view that the ACTA and the PHL Business Novations, which were agreed to by the relevant parties to facilitate the Restructuring, were not made on normal commercial terms and not on an arm's length basis, but are not prejudicial to the interests of the Company and the minority Shareholders.

The Memories Group does not intend to enter into any transactions of the above nature with Interested Persons in the future.

(k) Deed of Assignment of ACTA

YDG and SPA Project Management had on 19 November 2017 entered into the Deed of Assignment of the ACTA pursuant to which YDG and SPA Project Management had assigned to MM Myanmar and PHL SPV, subject to and conditional upon Completion taking place.

As the Deed of Assignment of the ACTA was entered into pursuant to the Restructuring, the Proposed Directors are of the view that these transactions were not on normal commercial terms and not carried out on an arm's length basis but are not prejudicial to the interests of the Company and the minority Shareholders.

10.4 Present and Ongoing Interested Person Transactions of the Memories Group

(a) Project management and other ancillary services obtained in relation to the construction of Pun Hlaing Lodge

PHL had previously entered into certain contracts with the Interested Persons in connection with the construction of Pun Hlaing Lodge, all of which were novated to PHLHML under the PHL Business Novations and pursuant to which PHLHML assumed all rights and obligations of PHL in respect of such contracts. Further details of such novated contracts which constituted as an interested person transaction are set out below:

(i) Consultancy contract entered into between PHL and SPA D&P on 22 June 2015 ("**Consultancy Contract**") which was novated by PHL to PHLHML with effect from 1 July 2017 pursuant to the transfer of the businesses and assets of the PHL Business as part of the Restructuring.

Under the Consultancy Contract, SPA D&P agrees to provide certain project management and consultancy services in respect of the construction and development of the Pun Hlaing Lodge pursuant to which a total consideration of Kyat 1,230,362,000 (equivalent to approximately

US$1.5 million) ("**Consultancy Fee**") is due to SPA D&P. Pursuant to its project management engagement, SPA D&P also may enter into certain agreements and incur certain costs in respect of the Pun Hlaing Lodge construction which are duly charged on a cost basis back to PHLHML. There was no payment made by PHLHML to SPA D&P in relation to the Consultancy Fee after the PHL Business Novations as at the Latest Practicable Date.

As part of the Consultancy Contract, SPA D&P may also engage third party professionals, designers, consultants and/or specialists (collectively "**PHL Subcontractors**") on behalf of PHLHML in relation to the construction of the Pun Hlaing Lodge. The PHL Subcontractors would invoice SPA D&P on the fees and/or expenses incurred and SPA D&P would then invoice the same amount to PHLHML ("**Subcontractor Costs**"). There was no amount paid by PHLHML to SPA D&P in relation to the Interior Design Service Agreement after the PHL Business Novations as at the Latest Practicable Date.

The Proposed Directors are of the view that the Consultancy Contract, the performance of which will extend beyond Completion, were not made on normal commercial terms and not on an arms' length basis as no third-party quotation was obtained. However, the Consultancy Contract is not prejudicial to the interests of the Company and the minority Shareholders as the fees in relation to the Consultancy Contract were not less favourable than those extended to unrelated third parties.

(ii) Agreement entered into between PHL and SPA D&P on 14 January 2016 (the "**Interior Design Services Agreement**") which was novated by PHL to PHLHML with effect from 1 July 2017 pursuant to the transfer of the businesses and assets of the PHL Business as part of the Restructuring.

Under the Interior Design Services Agreement, SPA D&P agrees to provide interior design services in relation to the development and construction of Pun Hlaing Lodge pursuant to which a total consideration of Kyat 278,000,000 (equivalent to approximately US$0.28 million) is due to SPA D&P. There was no payment made by PHLHML to SPA D&P in relation to the Consultancy Fee after the PHL Business Novations as at the Latest Practicable Date.

The Proposed Directors are of the view that the Interior Design Services Agreement, the performance of which will extend beyond Completion, were not made on normal commercial terms and not on an arm's length basis as no third-party quotation was obtained. However, the Interior Design Services Agreement is not prejudicial to the interests of the Company and the minority Shareholders as the fees in relation to the Interior Design Services Agreement were not less favourable than those extended to unrelated third parties.

The Memories Group envisaged that it may continue to enter into the above transactions or of similar nature with SPA D&P in the future, as and when the need arises. Accordingly, such transactions with SPA D&P will be included as part of the Proposed IPT Mandate. Upon the approval of the Proposed IPT Mandate by Shareholders, the Memories Group will comply with the guidelines as described in Section 15.2 of Part A of this Circular entitled "Proposed IPT Mandate" and the requirements set out in Chapter 9 of the Catalist Rules.

(b) Sale and purchase of goods and services to and from YSH Group and SPA Group

During the Relevant Period, the Memories Group had entered into various transactions with the YSH Group and SPA Group in the normal course of business, where the Memories Group either sold, provided or purchased certain products and services from the YSH Group and SPA Group. The details and amount of the transactions for the Relevant Periods were set out as follows:

Nature of transaction	FY2015 (US$)	FY2016 (US$)	FY2017 (US$)	3M2018 (US$)	From 1 July 2017 to the Latest Practicable Date (US$)
Provision or sale of goods and services to YSH Group and SPA Group					
Sale of hot-air balloons tickets by SLTG to SPA Myanmar	–	–	3,190	–	–
Sale of goods by TLH to YSH Group	–	–	216	–	–
Provision of destination management services by AHTT to YSH Group	–	–	33,591	15,248	16,775
Purchase of goods and services from YSH Group and SPA Group					
Provision of land survey services by SPA D&P to TLH and CIL	–	–	4,164	–	393
Purchase of air tickets from FMI Air by AHTT	–	–	65,782	4,637	5,807
Rental of car from Yoma Fleet by AHTT	–	–	1,509	1,580	3,392

The Proposed Directors are of the view that the above transactions in relation to the sales and provision of goods and services in the ordinary course of business of the Memories Group, YSH Group and SPA Group were entered into on normal commercial terms and on an arm's length basis as (i) the fees charged by the Memories Group to the YSH Group and SPA Group were not more favourable than those extended to unrelated third parties; and (ii) the fees charged by YSH Group and SPA Group to the Memories Group were not less favourable than those extended to unrelated third parties.

The Memories Group intends to enter into other transactions with Interested Persons of the above or similar nature in future, as and when the need arises. Such transactions will be entered into in accordance with the guidelines as described in Section 15.2.7 of Part A of this Circular entitled "Guidelines and Review Procedures for the Interested Person Transactions" and the requirements set out in Chapter 9 of the Catalist Rules.

(c) Leases of land and properties from the YSH Group and SPA Group

During the Relevant Period, the Memories Group has leased certain plots of land and office space from the YSH Group and SPA Group. The details and aggregate fees paid by the Memories Group to the YSH Group and SPA Group in respect of the leases of land and properties were as follows:

Nature of transaction	FY2015 (US$)	FY2016 (US$)	FY2017 (US$)	3M2018 (US$)	From 1 July 2017 to the Latest Practicable Date (US$)
PHLHML[(1)]					
Long term lease of land to PHLHML from PHL in relation to the PHL Land ("**PHL Long Term Lease**")	–	–	–	3,000,000	–
MM Myanmar[(1)]					
Rental of office space by SPA Group ("**SPA Office Rental**")	–	–	1,496	842	1,197

Note:

(1) Please refer to Section 5.16 of Part B of this Circular entitled "Properties and fixed assets" for details in relation to the leases relating to the PHL Land and rental office premises.

The Proposed Directors are of the view that the PHL Long Term Lease was not entered into on normal commercial terms and not on an arm's length basis. However, the PHL Long Term Lease is not prejudicial to the interests of the Company and the minority Shareholders as the total lease amount paid by PHLHML is based on the book value of the PHL Land for the entire lease period.

As at the Latest Practicable Date, PHLHML has paid in full the total lease amount of US$3.0 million to PHL for the entire lease period of the PHL Land.

The Proposed Directors are of the view that the SPA Office Rental was not entered into on normal commercial terms and not on an arm's length basis but is not prejudicial to the interests of the Company and the minority Shareholders as the rental rate was not less favourable than those extended to unrelated third parties.

The Memories Group intends to continue with the existing lease agreements entered into, as well as enter into other transactions with Interested Persons of the above or similar nature in future, as and when the need arises. Such transactions will be included as part of the Proposed IPT Mandate. Upon the approval of the Proposed IPT Mandate by Shareholders, the Memories Group will comply with the guidelines as described in Section 15.2 of Part A of this Circular entitled "Proposed IPT Mandate" and the requirements set out in Chapter 9 of the Catalist Rules.

(d) Deposit of funds by Yoma Bank

During the Relevant Period, the Memories Group deposited funds with Yoma Bank. The amounts deposited with Yoma Bank as at 31 March 2015, 31 March 2016, 31 March 2017, 30 June 2017 and as at the Latest Practicable Date were as follows:

Nature of transaction	As at 31 March 2015 (US$)	As at 31 March 2016 (US$)	As at 31 March 2017 (US$)	As at 30 June 2017 (US$)	As at the Latest Practicable Date (US$)
Deposit of funds with Yoma Bank by the Memories Group Companies	243	3,511	5,989	902	192

The Proposed Directors are of the view that above transaction was entered into on normal commercial terms and on an arm's length basis, as the deposit of funds with Yoma Bank earned interest consistent with market rates, and the fees for ancillary banking services were also consistent with market rates.

It is envisaged that the Memories Group may continue to enter into other transactions with Yoma Bank of the above or similar nature in the future, as and when the need arises. Accordingly, such transactions with Yoma Bank will be included as part of the Proposed IPT Mandate. Upon the approval of the Proposed IPT Mandate by Shareholders, the Memories Group will comply with the guidelines as described in Section 15.2 of Part A of this Circular entitled "Proposed IPT Mandate" and the requirements set out in Chapter 9 of the Catalist Rules.

B11. Material Contracts

Save for the Restructuring Documents[40], the following contracts not being contracts entered into in the ordinary course of business, have been entered into by the Memories Group within the two (2) years preceding the date of lodgement of this Circular and are or may be material:

(a) JMR Deed of Undertaking and Warranty. No consideration was payable or given for the JMR Deed of Undertaking and Warranty as it was given in connection with the Proposed Acquisition;

(b) Master Settlement and Investment Deed pursuant to which, *inter alia*, the Vendors agreed to restructure and consolidate their interests in the Memories Businesses in MM Myanmar in consideration of the allotment and issue of the MM Myanmar Consideration Shares by MM Myanmar to the Vendors;

(c) Deeds of assignment entered into between Corporate Vendor and each of DMC SPV and HAL SPV on 19 November 2017 respectively, pursuant to which Corporate Vendor assigned all its rights under the documentation relating to Corporate Vendor Buyout in respect of the DMC Business and HAL Business respectively to DMC SPV and HAL SPV respectively. No consideration was payable by the Memories Group under the deeds of assignment as they were entered into in connection with the Restructuring;

(d) Deeds of covenant entered into between AHTT, Corporate Vendor and each of the Previous Interest Holders of AHTT on 12 December 2016, pursuant to which each Previous Interest Holder, *inter alia*, undertakes to AHTT and the Corporate Vendor not to carry out certain activities competing with the business of AHTT. No consideration was payable by the Memories Group under these deeds;

(e) Deeds of covenant entered into between TLH, Corporate Vendor and each of the Previous Interest Holders of TLH on 4 February 2017, pursuant to which each Previous Interest Holder, *inter alia*, undertakes to TLH and the Corporate Vendor not to carry out certain activities competing with the business of TLH. No consideration was payable by the Memories Group under these deeds;

(f) Collaboration Agreement;

Footnotes:

40 Save as otherwise indicated in the terms of the Restructuring Documents, there was no consideration payable or given in connection with the Restructuring Documents, as these Restructuring Documents are part of the overall set of agreements, undertakings or documents to be entered into or furnished to give effect to or otherwise in conjunction with the Master Settlement and Investment Deed.

(g) Service allocation agreements entered into between TLH and each of Ancient Cities Flotilla Tourism Service Company Limited and Swiss Hospitality Group Co., Ltd. dated 1 January 2017 setting out the terms and conditions for the allocation of a certain percentage of TLH's employees' working hours to the management and operation of the ACF Business and the business of Swiss Hospitality Group Co., Ltd. respectively. The consideration payable under such agreements varied according to the time the relevant employees allocated to the HAL Business, the ACF Business and the business of Swiss Hospitality Group Co. Ltd. respectively;

(h) Deed of assumption dated 17 August 2017 and entered into between AHTT, Corporate Vendor and Phoenix Voyages in relation to the Assumed Debt;

(i) Deed of assumption dated 17 August 2017 and entered into between AHTT, Corporate Vendor and MM Myanmar in relation to the Assumed Debt;

(j) ACTA;

(k) PHL Business Novations;

(l) MM Myanmar Shareholders Agreement;

(m) Master Settlement Agreement;

(n) Deed of Assignment of CIL Liabilities;

(o) Deed of Assignment of TLH Liabilities;

(p) Deed of Assignment of ACTA.

B12. Material Litigation

As at the Latest Practicable Date, we are not involved in, or have we been involved in, any material legal or arbitration proceedings, including those that are pending or known to be contemplated, which may have, or have had in the 12 months preceding the date of this Circular, a material effect on our financial position or profitability.

B13. Regulations Overview

The following sections set out a summary of relevant aspects of Applicable Laws and regulations which our businesses and operations are subject to in Myanmar, and are not intended to be and does not constitute legal advice. The following sections neither purport to contain all conditions, qualifications and exceptions nor is the following a complete and exhaustive review of all laws and regulations of Myanmar with respect to the stated matters. The summary is based on laws, regulations and interpretations in effect and available as at the Latest Practicable Date. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive. While this discussion is considered to be a correct interpretation of existing laws and regulations in force, no assurance can be given that the courts or government authorities responsible for the enforcement and administration of such laws or regulations will agree with this interpretation or that changes in such laws or regulations will not occur.

In addition to the law and regulations applicable to specific industries, businesses in Myanmar are required to comply with general laws, notifications and regulations relating to taxation, intellectual property, labour and employment, and environmental and pollution control.

(a) Companies law

The key statute in Myanmar that is generally applicable to companies is the MCA. The MCA is supplemented by the Companies Rules 1940 and the Companies Regulations 1957.

General

The MCA generally regulates the formation and registration, share capital, management and administration, winding-up and dissolution of companies in Myanmar. In particular, the MCA provides for (among other things) the following matters:

- the different types of companies that may be formed and registered under the MCA being primarily (i) companies limited by shares, companies limited by guarantee and unlimited companies; (ii) private and public companies; and (iii) Myanmar companies and foreign companies and the requirements applicable to them;

- The share capital of companies regulated by the MCA, including the allotment, issue and transfer of shares, maintenance of the register of members, alteration of share capital, capital reduction and variation of rights of shareholders;

- the appointment and removal of and vacation of office by directors, and certain conduct and liability of directors;

- the meetings of shareholders proceedings and voting at shareholders' meetings, and records of meetings;

- maintenance of company records, including books of account and certain statutory registers, and audit requirements; and

- winding up and dissolution, including applicable procedures to be undertaken by the Myanmar courts or by appointed liquidators.

Certain Reporting Requirements

The MCA prescribes certain reporting and filing requirements that are mandatory for all companies, including the following:

- Every company must, within 18 months from incorporation, and thereafter at least once a year, submit to the Companies Registration Office of Myanmar ("**CRO**") a list of (i) all persons who, on the day of the first or only general meeting in the year, are shareholders of the company; and (ii) all persons who have ceased to

be shareholders since the date of the last return. This annual submission must be made in the prescribed form and must include the number of shares held by each of the existing members on the date of the return;

- Every public company, in particular, is required to maintain an index of the names of its members and must, within 14 days after the date on which any alteration is made in such register of members make any necessary alteration in the index;

- Every company must submit a return on allotment of shares to the CRO within one (1) month from such allotment. This return must be made in the prescribed form and should state the number and nominal amount of the shares comprised in the allotment, description of the allottees and the amount paid or the amount due and payable on each share; and

- Every company must file a notification informing the CRO of any change in its directors, managers or managing agents within 14 days of the appointment or change. This notification must be made in the prescribed form.

Historical non-compliance with keeping of statutory records, registers and books and other corporate records, filings as well as certain procedural requirements

Some of the registers of members, directors, managers and mortgages and minute books of the Memories Group Companies were incomplete or not updated, certain meetings required to be held were not held, the appointment of directors was not done during general meetings as required, there was a delay in the issuance of share certificates, and certain filings such as the Form E, Form 26 and Certificate of Registration Documents ("**CRDs**") were either inaccurate or not obtained or had certain irregularities which are in breach of Myanmar Laws ("**Past Corporate Records Breaches**"). As at the Latest Practicable Date, all material historical non-compliances relating to the statutory records, registers, books and other corporate records and filings have been updated or rectified to the extent possible. The Myanmar legal counsel, KCY, has confirmed that the Past Corporate Records Breaches are not expected to affect the validity of the issued shares of the Asset Holding Companies.

As at the Latest Practicable Date, all statutory records, registers, books and other corporate records and filings have been updated or rectified.

As at the Latest Practicable Date, no enforcement action or enforcement notification in respect of such non-compliance has been taken or issued by the relevant authority, and to the best of the Proposed Directors' knowledge, any enforcement action in respect of any historical non-compliance by the relevant authority is only likely to result in monetary penalties, which will not have a material adverse financial impact on the Memories Group particularly in view of the warranties and indemnities given by the Vendors pursuant to and subject to the terms of the RTO SPA and the JMR Deed of Undertaking and Warranty and the warranties and indemnities under the Corporate Vendor Buyout which have been assigned by the Corporate Vendor to MM Myanmar or the relevant SingCo SPVs.

The Memories Group has implemented adequate procedures to mitigate the recurrence of such Past Records Breaches. In due course, we will also appoint a competent professional within the Memories Group who will report to the Proposed CEO to oversee compliance requirements under Myanmar laws and regulations in relation to the Memories Businesses. We may also engage an external Myanmar legal adviser to advise on the various compliance requirements under Myanmar laws and regulations, from time to time, as and when needed.

(b) Myanmar Investment Law

The MIL and MIL Rules are the main legislation governing foreign and local investments in Myanmar. The MIL and MIL Rules apply to all existing and new investments in Myanmar. "Investments" is broadly defined to include enterprises, movable and immovable properties, cash, pledges, mortgages, shares, stocks, intellectual property rights, claims to money, rights under contracts, assignable rights, etc.

The MIL contemplates three (3) types of investments:

- MIC Level Investments

  Investors that intend to undertake investment activities which are determined to be strategically important for Myanmar, require a large capital investment in which the value exceeds US$100 million, have a significant environmental and social impact, use state owned land or are otherwise identified by the MIC are required to obtain a MIC Permit prior to commencing with the intended investment activity.

  As of the Latest Practicable Date, the management is of the view that it is unlikely that any particular Memories Business shall on its own exceed the threshold of US$100 million. Notwithstanding, in the event that the Memories Group were to expand its business or operations requiring a capital investment exceeding US$100 million, there is a possibility that the Memories Group may need to obtain MIC Permits in future in respect of such business and the Memories Group shall apply for a MIC Permit, if required.

- Prohibited Investments

  This relates to investment activities which cannot be undertaken, whether by foreign or local investors. Prohibited investments include those which: (a) may bring or cause cause hazardous or poisonous wastes; (b) may bring technologies, medicine, flora and fauna and instruments which have not been tested or approved for use; and (c) may adversely affect traditional culture, public health, environment and ecosystem.

- Restricted Investments

  This relates to investment activities which may only be carried out: (a) by the government; (b) by Myanmar-citizen investors; (c) in a joint venture with a Myanmar-citizen investor(s); or (d) with the recommendation or the relevant

Ministry. Investment activities falling under the Restricted List issued by the MIC include domestic air transport and local tour services, which require a joint venture with a Myanmar partner.

- Other Investments

  Subject to any other restriction which may be imposed by other Applicable Laws, investment activities which do not fall under any of the above categories will not be considered as requiring an MIC Permit, prohibited or otherwise restricted.

Investors who are undertaking or intend to undertake investment activities which are not considered MIC Level Investments or Prohibited Investments may obtain an endorsement from the MIC in order to enter into a land lease agreement for more than one (1) year ("**Land Rights Authorisations**") and/or be eligible for certain tax incentives ("**Tax Incentives**") under the MIL. Land Rights Authorisations are required for foreign investors in Myanmar who want to enter into land leases for a period of more than one (1) year. Tax Incentives are granted under the MIL in varying scope. In general, only investment activities listed as promoted sectors and operating in priority zones are eligible for income tax holidays, but other tax and customs duties relief may still be applied for and granted for other investment activities.

(c) Labour and manpower law

There is no single law or a comprehensive labour or employment code that governs employment standards and relations in Myanmar. Myanmar's policies on employment and worker's welfare is found spread out in different laws and regulations, specifically, the laws enacted by the Pyithu Hluttaw Parliament (Myanmar Union Parliament) and the notifications that are issued by relevant employment and labour authorities, specifically the Ministry of Labour, Immigration and Population (formerly the Ministry of Labour, Employment and Social Security) (the "**Ministry of Labour**").

The laws and regulations that generally govern employment standards and relations in Myanmar, include the following:

(i) Articles 31 and 359, Myanmar Constitution;

(ii) Workmen's Compensation Act (1923, as amended in 2005);

(iii) Leaves and Holidays Act (1951, as amended in 2014);

(iv) Factories Act (1951, as amended in 2016);

(v) Labour Organization Law (2011);

(vi) Social Security Law (2012);

(vii) Settlement of Labour Dispute Law (2012, as amended in 2014) and the Settlement of Dispute Rules (2013);

(viii) Employment and Skills Development Law (2013);

(ix) Minimum Wage Law (2013) and the Minimum Wage Rules (2013);

(x) Shops and Establishment Law (2016);

(xi) Payment of Wages Law (2016);

(xii) Ministry of Labour Notification No. 84/2015 regarding Payment of Severance Pay; and

(xiii) National Committee for Minimum Wage Notification No. 2/2015.

The above-listed laws and regulations are generally applicable to all employment relationships in Myanmar unless the specific law or regulation expressly excludes its application to certain types of employers or employees. Myanmar also has various sector specific laws, which deal with labor and employment issues for the relevant sector.

Foreign Employees versus Myanmar Employees

The MIL does not prescribe any specific minimum percentage of Myanmar employees for a company operating under its regime. Investors are however, required to arrange capacity building programs in order to be able to appoint Myanmar employees to positions of management, technical and operational experts and advisers. Further, investors are required to appoint Myanmar employees for unskilled works.

While the MIL provides that an investor may appoint a qualified person of any citizenship as senior manager, technical and operational expert, and adviser in accordance with applicable laws, the MIL Rules requires prior MIC approval before investors appoint/employ a foreigner as senior manager, technical expert or consultant. An application with the foreigner's passport, evidence of expertise or degree and profile must be submitted to the MIC.

Employment Contracts under the ESDL and the SECT

The ESDL requires the execution of an employment contract within 30 days from the appointment of an employee, whether the employee is a permanent or a temporary employee (i.e. fixed-term employee). The ESDL also requires submission of the employment contract for approval and registration to the relevant township labour office with jurisdiction over the workplace of the employee.

Under Notification No. 140/2017 (which repealed Notification No. 1/2015) issued by the Ministry of Labour, all employers in Myanmar are required to register their employment contracts and mandatorily adopt the prescribed SECT.

Minimum Wage under the Minimum Wage Law (2013) ("**MWL**")

The minimum wage of employees is prescribed by the National Committee for Minimum Wage pursuant to the MWL. Notification No. 2/2015 of the National Committee for Minimum Wage provides that the minimum wage for all locations and

business types in Myanmar shall be Kyat 450 per hour or Kyat 3,600 for eight (8) working hours per day. The minimum wage requirement is however not applicable to small enterprises with 15 employees or less and small-scale family businesses.

Working Hours under the Shops and Establishments Law 2016 ("**SEL**")

The SEL establishes rules regarding working hours for commercial establishments such as shops, offices and other establishments of a similar nature.

The SEL provides that the total number of hours of overtime shall not be more than 12 hours in any week but in special cases, shall not exceed 16 hours a week. An employee cannot be asked to work overtime without the employee's consent and without payment of overtime pay for the overtime hours in accordance with prescribed rates.

Holiday and Leave Entitlement under the Leaves and Holidays Act (1951, as amended in 2014) ("**LHA**")

The LHA provides regulations relating to a worker's entitlement to leave and holidays. It applies to all employees, whether daily, temporary or permanent, and regardless of the salary earned. Categories of leave prescribed under the LHA include earned/annual leave, casual leave, medical leave, public holidays, maternity and paternity leave and weekly holidays/rest days.

Social security

Under Myanmar law, employers and employees are required to make contributions to the Social Security Fund which is administered by the SSB. Contributions from an employee shall be paid by the employer by way of a deduction of the employee's salary. Businesses employing five (5) or more employees are required to register with the SSB for various social security schemes and contribute to the Social Security Fund under such schemes.

Employment contracts not in compliance with SECT

Under Myanmar laws, an employer is obliged to hire all employees under employment contracts which conform to the SECT (as stipulated under Notification No. 140/2017) and to register such employment contracts with the relevant authorities within the prescribed timeline. The SECT has standard prescribed terms on matters relating to, *inter alia*, working hours and overtime pay, maternity leave and minimum wage. Failure to adopt the SECT or contravention of the terms of the SECT may render the employer (and potentially the erring company's directors or officers in charge at the material time) to be liable for imprisonment and/or fines. In addition, employment contracts that do not adhere to or comply with the SECT may be unenforceable against the employees.

Historically, the employment contracts of some employees under the Memories Businesses did not comply with the SECT and were not duly registered with the relevant authorities, such as the township labour office, within the prescribed timeline.

The relevant Asset Holding Companies may thus be liable to certain employees in relation to past non-compliance with employment practices such as insufficient maternity leave and non-payment of overtime pay to non-managerial employees.

The Proposed Directors are of the reasonable opinion that the risks arising from the employment contracts not being in compliance with SECT may be mitigated by the following considerations:

(i) Such non-compliance has since been rectified with the adoption of the SECT for the employment contracts of all employees (save for the pilots under the BOB Business who have been engaged as independent contractors under contracts for services, and certain foreign employees of AHTT whose applications for registration are pending processing by the relevant authorities).

(ii) As at the Latest Practicable Date, no enforcement action or enforcement notification in respect of the non-compliance with the SECT has been taken or issued by the relevant authority, and to the best of the Proposed Directors' knowledge, any enforcement action in respect of any historical non-compliance by the relevant authority is not likely to extend beyond monetary penalties, and such monetary penalties, if imposed, will not have a material adverse financial impact on the Enlarged Group particularly in view of the warranties and indemnities given by the Warrantors pursuant to and subject to the terms of the RTO SPA, the JMR Deed of Undertaking and Warranty and the warranties and indemnities under the Corporate Vendor Buyout which have been assigned by the Corporate Vendor to MM Myanmar or the relevant SingCo SPVs.

(iii) Pursuant to and subject to the terms of the RTO SPA and the JMR Deed of Undertaking and Warranty, the Warrantors have agreed to indemnify and hold harmless the Enlarged Group from and against all losses based upon, arising out of or otherwise in respect of any material inaccuracy in or any material breach of any of the Warrantors' Warranties given by JMR under the JMR Deed of Warranty and Undertaking and the other Warrantors under the RTO SPA.

Such Warrantors' Warranties provide, *inter alia*, that the Asset Holding Companies have in relation to each employee complied in all respects with all obligations imposed on it by all Applicable Laws, including to enter into the necessary employment contracts in the form provided for and substance compliant with Applicable Laws.

Omission to make social security contributions

All employers employing at least five (5) employees are required to register their employees with the SSB and make social security contributions.

Some of the Memories Businesses have previously omitted to register their employees with the SSB and make social security contributions.

Failure to register the relevant insurance schemes with the SSB may render the employer (and potentially the erring company's directors or officers in charge at the material time) to be liable for imprisonment and/or fines. The relevant Asset Holding Companies may also be liable to certain employees for unpaid social security contributions.

The Proposed Directors are of the reasonable opinion that the risks arising from the omission to make social security contributions may be mitigated by the following considerations:

(i) The relevant Memories Businesses had since proceeded to register all its existing employees with SSB and had paid for the arrears of unpaid social security contributions for its existing employees.

(ii) As at the Latest Practicable Date, no enforcement action or enforcement notification in respect of the omission to register with the SSB and to make full social security contributions has been taken or issued by the relevant authority, and to the best of the Proposed Directors' knowledge, any enforcement action in respect of any historical non-compliance by the relevant authority is not likely to extend beyond unpaid social security contributions and monetary penalties and such payments and monetary penalties, if imposed, will not have a material adverse financial impact on the Memories Group particularly in view of the warranties and indemnities given by the Warrantors pursuant to and subject to the terms of the RTO SPA and the warranties and indemnities under the Corporate Vendor Buyout which have been assigned by the Corporate Vendor to MM Myanmar or the relevant SingCo SPVs.

(iii) Pursuant to and subject to the terms of the RTO SPA and the JMR Deed of Warranty and Undertaking, the Warrantors have agreed to indemnify and hold harmless the Enlarged Group from and against all losses based upon, arising out of or otherwise in respect of any material inaccuracy in or any material breach of any of the Warrantors' Warranties given by JMR under the JMR Deed of Warranty and Undertaking and the other Warrantors under the RTO SPA.

Such Warrantors' Warranties provide, *inter alia*, that the Asset Holding Companies have in relation to each employee complied in all respects with all obligations imposed on it by all Applicable Laws, and all deductions and payments required to be made by the Asset Holding Companies in respect of applicable statutorily-governed employment fund contributions in relation to the remuneration of the employees and social security funds to any relevant Governmental Body have been so made.

(d) Hotel operation and other tourism related law

The authority which has jurisdiction over the hotel and tourism business is the MOHT, in accordance with the Myanmar Hotels and Tourism Law (1993) (the "**MHTL**"). The MHTL provides for:

(i) systematic development of the hotel and tourism industry;

(ii) enabling tourists to observe Myanmar's cultural heritage and natural scenic beauty;

(iii) preventing the destruction and damage of cultural heritage and natural scenic beauty due to the hotel and tourism industry;

(iv) contributing to international friendship and understanding through the hotel and tourism industry;

(v) developing technical knowledge and understanding through the hotel and tourism industry; and

(vi) providing security and satisfaction for tourists.

The MHTL sets out rules, regulations and systematic procedures relating to the development of tourism and the licensing of businesses in the tourism sector. It also provides basic principles for the operation of the tourism industry. It establishes a process through which businesses may apply for a licence, sets out guidelines for inspections and makes provision for the invalidation of licences. It also establishes penalties for certain business practices that damage the environment.

The MOHT has issued orders that implement aspects of the MHTL including:

(i) Order for Licensing of Hotel and Lodging-House Business (2011) which provides for the licensing of hotels and also sets out, in an annexure, minimum standard requirements for hotel businesses;

(ii) Order Relating of (sic) Licensing of Tour Guide Business (2011), which provides for the licensing of tour guides;

(iii) Order of Licensing of Tour Operation Enterprise (2011), which provides for the licensing of tour operation business and operators; and

(iv) Order Relating to Licensing of Tourist Transport Business (2011), which provides for the licensing of tourist transport businesses (including transport by motor vehicle, water craft and gas balloon).

(e) Real estate law

The Constitution of Myanmar (2008) provides that the State is the "ultimate owner of all lands and all natural resources above and below the ground, above and beneath the water and in the atmosphere". While the State is conceptually the ultimate owner of all land in Myanmar, private persons and entities may be conferred with certain title rights over land, the extent of which depends on the type of land in question and the intended purpose and use of the land.

There is no single piece of legislation governing land in Myanmar. The legal framework with regard to land in Myanmar exists in the form of numerous laws that deal with specific areas or concerns relating to land (such as the Village Act (amended 1961), the Forest Law (1992) and the Farmland Law (2012), just to give a few examples).

Generally, there are two (2) primary types of interests in land in Myanmar, namely estates in fee simple and leasehold rights. In Myanmar, lands which are held as fee simple estates (for example freehold lands) are also known as "ancestral lands" and are mainly found in the downtown area of Yangon. The government no longer grants such estates in fee simple. Instead, the government issues "grants" over specific parcels of land that can be considered leasehold rights, as they are conceptually estates for years. The terms of the grant vary between 10 to 90 years and are extendable on application, at the discretion of the government, and may also depend on the statute upon which such grant is being issued. Grant land is transferable and entities (including corporate entities) with leasehold interests in such lands may carve out and divest lesser interests (such as a lesser estate for years) and, in some cases, create security interests over such lands as well.

Myanmar nationals and companies may generally receive land grants for any period as specified in the corresponding grant without the need for securing or perfecting any special or additional approval from the government (apart from the issuance of the land grant itself).

Applicable legislation

Transfer of Property Act (1882)

This Act relates to various types of property transfer including the sale, gift, exchange and lease of property and defines the basic rights and obligations of the parties involved.

Land and Revenue Act (1879)

This Act, which applies only to Lower Burma and the Thayetmyo District of Upper Burma, enforces land revenue for all property situated within the applicable area unless otherwise exempted.

Upper Burma Land and Revenue Regulation (1889)

This Act, which applies only to Upper Burma, enforces land revenue for all property situated within the applicable area unless otherwise exempted.

Myanmar Stamp Act (1899, as amended) ("**Stamp Act**")

Stamp duty is payable on execution of instruments, including lease agreements, transfer of property and extensions of grants. As at the Latest Practicable Date, stamp duty for instruments affecting transfer of immovable property situated wheresoever in the whole of Myanmar is levied at a rate of 4.0% on the amount or value involved.

Stamp duty at the rate of 2.0% for a consideration equal to the amount or value of the average annual rental reserved is also levied on leases of immovable property for a term exceeding three (3) years. For leases not less than one (1) to not less than three (3) years, the applicable rate is 0.5% for the amount or value of the average annual rent reserved, and for leases less than one (1) year the applicable rate is 0.5% of the whole amount payable or deliverable under such lease.

The Internal Revenue Department has issued appraised values for different areas in regions across Myanmar and provided a minimum threshold for tax payments to avoid the practice of under-reporting the value of property transactions. As of the Latest Practicable Date, these ranged from Kyat 8,000 per sq.ft. to Kyat 400,000 per sq. ft. for properties in the Yangon Region.

Registration Act (1908)

This Act states the type of documents compulsory and optional for registration. Mortgages and all non-testamentary instruments that create or extinguish a present or future interest in immoveable property are required to be registered under this Act. All transfers of property over Kyat 500,000 in value, as well as leases above one (1) year in length or which have yearly rent must be registered.

Transfer of Immovable Property Restriction Act (1947)

This Act prohibits foreigners from owning immovable property and restricts leases to foreigners and foreign companies to a maximum term of one (1) year. Embassies and companies that have 'direct, beneficial contracts' with the state are exempt from this law.

By way of exemption to this Act, the MIL allows foreign investors to obtain Land Rights Authorisation in order to execute leases for more than one (1) year. Another exemption is provided under the Condominium Law (2016), which allows a condominium developer to sell up to 40.0% of all the housing units of a condominium to foreigners.

State Public Housing Rehabilitation and Urban and Rural Development Board Act (1950)

This Act gives the President of the Union the power to seize land and buildings on land (if any) that the State Public Housing Rehabilitation and Urban and Rural Development Board is desirous of seizing for the purpose of urban and rural development. This Act requires compensation to be paid for any seized land and buildings.

Farmland Law (2011)

This Law allows a person with 'land use rights' to transfer, exchange, or lease their land.

Vacant, Fallow and Virgin Lands Management Law (2012)

This Law stipulates that any unused land can be claimed and utilised by willing individuals. This includes foreign or local investors provided they make the land economically productive.

Environmental Conservation Law (2012) ("**ECL**")

Environmental regulation in Myanmar has historically been a patchwork of sectoral regulations at the national and regional level, but it has become more coherent and centralised with the enactment of the ECL.

(f) Development and construction law

(i) Applicable Legislation for development

In May 2013, the Yangon City Development Committee ("**YCDC**") established the Zoning and Urban Design Review Working Committee to consider a comprehensive height control and zoning plan for broader Yangon. In June 2013, the committee drafted the Yangon Land Use & Height Zoning Plan. The plan classifies the land use into the following categories:

(1) residential areas with different levels of population density;

(2) mixed use areas;

(3) commercial and business areas;

(4) industrial and warehouse areas;

(5) port and related;

(6) green and blue;

(7) government, institute, infrastructure areas;

(8) urban heritage conservation area; and

(9) water front special development zone.

The plan also limits the height of buildings in Shwedagon Pagoda Conservation Area and Sule Pagoda Environment. The government has not yet approved the said zoning plan. Thus, there are currently no official laws or regulations on zoning, and real estate development projects are assessed on case-by-case basis as well as in accordance with the Yangon City Development Law (2013) and its relevant rules, notifications and amendments.

(ii) Applicable Legislation for construction

The permission to erect a structure is handled by the Engineering Department of the relevant State, Region or City Development Committee ("**CDC**").

Upon receipt and review of an application, the Engineering Department will forward the application to the Construction/Permit Issuing section, which will in turn forward the application to the Field Inspection station. A field inspection is carried out at the site, after which a recommendation is made to the Engineering Department. Upon approval by the Engineering Department, a construction permit is issued to the applicant. The construction permit application process is meant to be completed in 30 days; however, in practice, it can take several months. Construction can commence once a construction permit has been received.

Once completed the CDC will inspected the erected structure and will issue a certificate of completion to the permit holder. Companies may be held civilly and criminally liable under Myanmar law for engaging in construction without a construction permit, although typically the penalty imposed by the CDC is a fine or a stop work order.

(g) Environmental law

Environmental regulation in Myanmar has historically been a patchwork of sectoral regulations at the national and regional level, but has become more coherent and centralised with the enactment of the ECL.

Pursuant to the ECL and the Environmental Conservation Rules (2014), the Ministry of Natural Resources and Environmental Conservation's predecessor, the Ministry of Environmental Conservation and Forestry, issued the Environmental Impact Assessment Procedure (the "**EIA Procedure**"). The EIA Procedure provides that all projects and project expansions undertaken by any ministry, government department, corporation, board, development committee and organisation, local government or authority, company, cooperative, institution, enterprise, firm, partnership, or individual having the potential to cause adverse impacts, are required to undertake an Initial Environmental Examination or an Environmental Impact Assessment or to develop an Environmental Management Plan, and to obtain an Environmental Compliance Certificate.

(h) Exchange Controls

The FEML and FEMR govern activities in Myanmar relating to foreign exchange such as accepting, exchanging, buying, selling, transferring or making payment within or without Myanmar.

The FEML specifically defines and distinguishes between "ordinary account transfers" and "capital account transfers". The FEML allows for the unrestricted transfer of foreign currency for ordinary account transfers, which include the following:

(i) payments for trade and services, and payments for short-term bank loans;

(ii) interests payable on loans, and net profit accrued from investments;

(iii) repayment of loan in instalments, or depreciations for direct investments; and

(iv) remittance of money from local or abroad for family living expenses.

Since the above payments are categorised as "ordinary account transfers," this would mean that such transactions may be carried out through authorised dealer banks without the need for obtaining further CBM approval. In practice, however, authorised dealer banks would usually refer to CBM Directive No. FEMD-15/2012, which enumerates specific foreign exchange activities permitted to be undertaken by authorised dealer banks in Myanmar and outlines the documentary requirements that must be submitted by an applicant to complete the relevant foreign currency transfer. Should a particular transaction not fall under the list of activities in the Directives, authorised dealer banks would usually require individuals or companies to first obtain CBM approval before engaging in the aforesaid transactions, even if the intended activity may arguably be classified as an ordinary account transfer.

Capital account transactions, which include all other payments other than those relating to ordinary account transfers, require prior CBM approval before they may be carried out. The FEMR further requires authorised dealer banks to first ascertain that the capital, in relation to the proposed outward remittance, has been reported to the CBM at the time that it was brought into Myanmar, before allowing any outward remittance of funds, even profits and dividends (including interest payments).

The FEMR provides under Section 46 that, "the internal resident who wants to invest abroad directly or indirectly, shall present the type of investment, such as direct investment of investment business or portfolio investment or other investment or estate investment, the amount of investment fund and information in relation to those matters to the CBM and obtain the permit of the CBM". Accordingly, Myanmar citizens/Myanmar citizen companies intending to make outbound investments, whether directly or indirectly, and to open foreign currency accounts abroad are required to seek the approval of the CBM, as well as report to the CBM investments previously made abroad.

Repatriation of Overseas Income by AHTT and SLTG

Some of the sales made by AHTT from overseas customers were historically billed and collected or held by Phoenix Voyages before being repatriated to AHTT in Myanmar, since AHTT did not maintain bank accounts outside of Myanmar, and there could have been some omission or delay in the repatriation of such overseas income to AHTT in Myanmar under the old law, even though under the current FEML, there is no prescribed deadline for repatriation of overseas income back to Myanmar.

Similarly, there were sales made by SLTG from overseas customers which were historically collected or received by YSH before being repatriated to SLTG in Myanmar, since SLTG did not maintain bank accounts outside of Myanmar, and there could have been some omission or delay in the repatriation of such overseas income to SLTG in Myanmar under the old law, even though under the current FEML, there is no prescribed deadline for repatriation of overseas income back to Myanmar.

The Memories Group has put in place internal controls to monitor future overseas payments to AHTT and SLTG and will ensure that such payments are repatriated to Myanmar in accordance with the Applicable Laws.

As at the Latest Practicable Date, no enforcement action or enforcement notification in respect of any failure or delay by AHTT and/or SLTG to repatriate overseas income has been taken or issued by the relevant authority and to the best of the Proposed Directors' knowledge, any monetary penalties, if imposed, will not have a material adverse financial impact on the Enlarged Group, particularly in view of the warranties and indemnities given by the Warrantors pursuant to and subject to the terms of the RTO SPA, the JMR Deed of Undertaking and Warranty and the warranties and indemnities under the Corporate Vendor Buyout documentation which have been assigned by the Corporate Vendor to the relevant SingCo SPVs.

(i) Taxation

The following is a general discussion of certain aspects of the tax laws of Myanmar and administrative guidelines issued by the relevant authorities in force as of the date of this document and does not constitute legal or tax advice. The discussion is based on Myanmar tax laws, regulations and interpretations presently in effect and available as of the date of this Circular. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of this Circular. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Myanmar could later disagree with the explanations or conclusions set out below.

Prospective investors should consult their tax advisers concerning the Myanmar tax consequences of owning and disposing of the Shares. Neither the Company, the Directors, the MM Myanmar Directors, the Proposed Directors, the Vendors, the Financial Adviser, Sponsor and Placement Agent, the Auditors nor any other persons involved in the Proposed Transactions accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Shares.

Corporate Income Tax

A company is considered a citizen of Myanmar for purposes of income taxes if it is formed under the MCA or any other laws of Myanmar. Such companies are considered residents for purposes of income taxation, and are taxed on a global basis.

A non-resident company is one that is not formed under the MCA or any other laws of Myanmar. Generally, foreign branches registered in Myanmar are deemed to be non-resident companies.

Taxable income, in this case, includes all income from the conduct of business, from dealings with property, and from other sources. All resident companies are taxed at a rate of 25.0% of net taxable income.

Dividend Distributions

Dividends received from a resident Myanmar company are exempt from income tax in the hands of shareholders.

Tax on Capital Gains

Under the Union Tax Law (2017), an income tax of 10.0% shall be assessed (in Kyats or foreign currency) on the capital gains arising from the sale, exchange or other modes of transfer of assets, except for companies in the oil and gas sector where the rate of assessment ranges from 40.0% to 50.0% depending on the amount of profits earned. No income tax shall be assessed on capital gains if the total value of the assets sold, exchanged or otherwise transferred within the year is not more than Kyats 10,000,000.

Stamp Duty

The Myanmar Stamp Act (1899, as amended) states that all instruments chargeable with duty and executed by any person in Myanmar shall be stamped before or at the time of execution.

Stamp duty is levied at various levels in relation to different instruments. For example, under Notification 146/2016 issued by the Internal Revenue Department, stamp duty is payable by a purchaser of shares in an incorporated company or other body corporate at 0.1% of the value of the shares. Please also refer to the heading entitled "Real estate law" in this Section for further details on the stamp duty applicable to transfers of immoveable property.

Withholding Tax

Withholding taxes are levied on the following:

(i) interest payment for a loan or indebtedness or a transaction of similar nature or savings;

(ii) royalties for the use of, *inter alia* licences, trademarks and patent rights; and

(iii) payment by state organizations, state enterprises, development committees, co-operative societies, foreign companies, foreign enterprises and organisations, local companies and partnerships formed under an existing law for purchase of goods, work performed or supply or services and hiring within the country under a tender, contract, quotation or other modes.

There is no withholding tax on the payment of dividends to both residents and non-residents and on interest payments to residents on the distribution of dividends by a Myanmar company.

Statute of Limitations

Generally speaking, the statute of limitations under the Income Tax Law is for a period of three (3) years, whereby any assessment of tax past the three-year period shall be made only in instances of fraud or where it is found that there was an intention to defraud in order to evade tax, and only after obtaining the prior sanction of the Ministry of Planning and Finance, Myanmar.

Similarly, the statute of limitations under the Commercial Tax Law is for a period of three (3) years, whereby any assessment of tax past the three-year period shall be made only in instances of fraud, evasion, and concealment relating to the proceeds of sales or receipts from services and with the prior permission of the Director General of the Internal Revenue Department, Myanmar.

Other than the foregoing, the general statute of limitation in Myanmar on suits, appeals and applications brought by private persons other than the government for a penalty or forfeiture under a statute, act, regulation or bye-law is one (1) year, while the statute of limitation for any suit brought by or on behalf of the government is 60 years.

Potential tax liabilities of AHTT

As a Myanmar company operating in Myanmar, AHTT is subject to an obligation to pay various taxes under applicable Myanmar laws and regulations, including income tax, commercial tax and withholding tax.

In the past financial years, AHTT has filed and declared its taxes based on its annual statutory audited financial statements issued by its local auditor ("**AHTT Statutory FS**"). The Medium Taxpayers Office has issued a tax clearance letter which confirms that AHTT is paying corporate tax regularly and that AHTT had made full payment of its corporate tax up to the latest assessment year being 2016-2017. According to SFRS, the Memories Group and Nexia had made a tax provision on AHTT's past revenue and profit before tax for FY2015, FY2016 and FY2017, to cover the possibilities that there may be a shortfall in the requisite amounts of commercial tax and income tax ("**Possible Tax Shortfall**") paid by AHTT prior to the completion of the Corporate Vendor Buyout due to the different accounting treatments. Pursuant to and subject to the terms of the JMR Deed of Undertaking and Warranty, JMR has agreed to indemnify and hold harmless the Enlarged Group from and against all losses based upon, arising out of or otherwise in respect of any tax claims, including the Possible

Tax Shortfall. Since the Corporate Vendor Buyout, AHTT has paid the requisite commercial and income tax amounts as assessed by the relevant tax authorities in Myanmar.

The Proposed Directors have assessed that the Possible Tax Shortfall is not expected to be material to the Memories Group based on historical tax assessments and considering that provision has been made based on applicable tax rate.

Prior to the Corporate Vendor Buyout, AHTT has historically made certain payments to Phoenix Voyages mainly in relation to cost sharing arrangements for the shared use of Phoenix Voyages' representative and sales office as well as marketing and distribution expenses in FY2014, FY2015 and FY2016 ("**Costs Reimbursement**"). Such Costs Reimbursement were purportedly classified as management fees in the past which may be subject to withholding tax payable by AHTT but such payment has not been paid by AHTT. The management is of the view that such Costs Reimbursement are not classified as management fees as no service has been rendered by Phoenix Voyages and the Costs Reimbursement are AHTT's proportion of expenses in relation to the use of the representative and sale office and marketing expenses.

As at the Latest Practicable Date, no enforcement action or enforcement notification in respect of any failure or delay in paying any relevant taxes has been taken or issued by the relevant authority and to the best of the Proposed Directors' knowledge, any enforcement action in respect of such non-compliance by the relevant authority is not likely to extend beyond payment of unpaid taxes and monetary penalties and such payments and monetary penalties, if imposed, will not have a material adverse financial impact on the Enlarged Group, particularly in view of the warranties and indemnities given by the Warrantors pursuant to and subject to the terms of the RTO SPA, the JMR Deed of Undertaking and Warranty and the warranties and indemnities under the Corporate Vendor Buyout documentation which have been assigned by the Corporate Vendor to the relevant SingCo SPVs.

B14. Responsibility Statement by the MM Myanmar Directors, the Proposed Directors and the Placement Vendor

The MM Myanmar Directors, the Proposed Directors and the Placement Vendor collectively and individually accept full responsibility for the accuracy of the information given in this Circular in respect of the Proposed Transactions, MM Myanmar, the Memories Group and the Enlarged Group (insofar as they relate to the Memories Group), 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 Proposed Transactions, MM Myanmar, the Memories Group and the Enlarged Group (insofar as they relate to the Memories Group), and the MM Myanmar Directors, the Proposed Directors and the Placement Vendor are not aware of any facts the omission of which would make any statement in this Circular misleading. 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 MM Myanmar Directors, the Proposed Directors and the Placement Vendor 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.

Yours faithfully

Mr Serge Pun
Executive Chairman
For and on behalf of the Board of Directors of
MM Myanmar Pte. Ltd.

20 November 2017

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APPENDIX A – IFA LETTER IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION AND THE PROPOSED IPT MANDATE

LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD. TO THE RECOMMENDING DIRECTORS OF SHC CAPITAL ASIA LIMITED

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200310232R)

160 Robinson Road #21-05
SBF Center
Singapore 068914

The Recommending Directors (as hereinafter defined)
SHC Capital Asia Limited
302 Orchard Road
#10-01
Singapore 238862

20 November 2017

(I) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHT OF INDEPENDENT SHAREHOLDERS (BEING SHAREHOLDERS OTHER THAN THE VENDORS CONCERT PARTY GROUP (AS DEFINED IN THE CIRCULAR) AND THEIR CONCERT PARTIES) TO RECEIVE A MANDATORY GENERAL OFFER FOR ALL THE ISSUED SHARES IN THE CAPITAL OF SHC CAPITAL ASIA LIMITED (THE "COMPANY") NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE VENDORS CONCERT PARTY GROUP ("PROPOSED WHITEWASH RESOLUTION") IN CONNECTION WITH THE PROPOSED ACQUISITION OF 100% EQUITY INTERESTS IN MM MYANMAR PTE. LTD. ("MM MYANMAR" OR THE "TARGET") FROM YOMA STRATEGIC INVESTMENTS LTD. ("YSIL"), FIRST MYANMAR INVESTMENT COMPANY LIMITED ("FMI") AND EXEMPLARY VENTURES LIMITED ("CORPORATE VENDOR")("PROPOSED ACQUISITION"); AND

(II) THE PROPOSED INTERESTED PERSON TRANSACTIONS MANDATE ("PROPOSED IPT MANDATE").

*Unless otherwise defined or where the context otherwise requires, the definition used in the circular dated 20 November 2017 (the "**Circular**") shall apply throughout this Letter.*

1. INTRODUCTION

Asian Corporate Advisors Pte. Ltd. ("**ACA**") has been appointed as an independent financial adviser ("**IFA**") to the directors of the Company ("**Directors**") who are deemed independent for (i) the purposes of the Proposed Whitewash Resolution, which comprise all the existing Independent Directors of the Company, namely, Mr Ng Fook Ai, Victor and Mr Teo Eu Jin, Nicholas; and/or for (ii) the purposes of the Proposed IPT Mandate, which comprise all the existing Directors of the Company ("**Recommending Directors**").

This letter ("**Letter**" or "**IFA Letter**") sets out, *inter alia*, our views and evaluation of the Proposed Whitewash Resolution and the Proposed IPT Mandate which have been proposed as ordinary resolutions in the notice of the extraordinary general meeting ("**EGM**" or "**Extraordinary General Meeting**") of the Company as set out in the Circular to registered holders ("**Shareholders**") of the ordinary shares ("**Shares**") in the capital of the Company, which if passed by the Shareholders other than (i) the HAL Vendor, DMC Vendor, BOB Vendors, PHL Vendor and the BL Vendors (collectively, the "**Vendors**"); (ii) parties acting in concert with the Vendors; and (iii) parties not independent of the persons mentioned in (i) and (ii) above ("**Independent Shareholders**") would result in a waiver by the Independent Shareholders of their rights to receive a general offer from the Vendors Concert Party Group in connection with the issue and allotment of the Consideration Shares (defined herein). Likewise, it contains our recommendations to the Recommending Directors in relation to the Proposed Whitewash Resolution as

well as the Proposed IPT Mandate as set out in Section 15.2 of Part A of the Circular, for determining whether (i) the financial terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, is not prejudicial to the interest of the Independent Shareholders; and (ii) the review procedures, as set out in Section 15.2.7 of Part A of the Circular, for determining transaction prices and/or the terms, are sufficient to ensure that the transactions under the Proposed IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the minority shareholders of the Company ("**Minority Shareholders**").

Unless otherwise defined or where the context otherwise requires, the definition used in the Circular shall apply throughout this Letter. Certain figures and computations as enumerated or set out in this Letter are based on approximations and its accuracy is subject to rounding.

1.1. BACKGROUND

The Proposed Acquisition

On 20 January 2016 ("**MOU Announcement Date**"), the Company entered into a non-binding memorandum of understanding with four (4) parties, comprising two (2) corporate entities and two (2) individuals with a view to acquire tourism related businesses and assets in Myanmar.

On 24 October 2016 ("**SPA Announcement Date**"), the Company announced that it had entered into a sale and purchase agreement in relation to the Proposed Acquisition dated 24 October 2016 (the "**Original SPA**") with the Vendors pursuant to which the Company shall acquire from the Vendors 100.0% of the issued and paid up ordinary shares in the share capital of MM Myanmar ("**Sale Shares**") for a consideration of S$70,675,130 to be satisfied in full by the allotment and issue of 268,726,731 new consideration shares at the issue price ("**Issue Price**") of S$0.263 per consideration share (post-Proposed Share Consolidation). On 22 December 2016, the Company announced the nomination of Jean-Michel Alain Romon ("**JMR**") and ACE Pan-Asia Opportunities SPC on behalf of Myanmar Tourism S.P. ("**ACE PAO**") as the Corporate Vendor Nominees by the Corporate Vendor and on 24 December 2016, the Company announced the incorporation of the relevant companies that were designated as the "Target" and the "SingCo SPVs" contemplated under the Restructuring (as defined in the Circular). On 30 June 2017, the Company announced the extension of the long stop date to 30 September 2017.

On 17 August 2017 ("**Supplemental Announcement**"), the Board of Directors announced that the Company had on 17 August 2017 entered into an amending and restatement deed, *inter alia*, to amend and restate the Original SPA with the Vendors ("**Supplemental SPA**") pursuant to which, *inter alia*:

(i) the purchase consideration for the purchase of the Sale Shares has been reduced from S$70,675,130 to S$69,694,228 ("**Purchase Consideration**"), for reasons as further elaborated in Section 2.1.2 of Part A of the Circular.

Following the reduction to the Purchase Consideration as aforesaid, the number of Consideration Shares to be allotted and issued to the Relevant Vendor Parties (as defined in the Circular) has been reduced by 3,729,666 Shares from 268,726,731 new Consolidated Shares (after the Proposed Share Consolidation) to 264,997,065 new Consolidated Shares (after the Proposed Share Consolidation) ("**Consideration Shares**") at the Issue Price of S$0.263 per Consideration Share (post-Proposed Share Consolidation), to be allocated amongst the Relevant Vendor Parties in the following proportion:

Relevant Vendor Parties	**Number of Consideration Shares**
YSIL	167,078,848
FMI	41,947,426
JMR	14,839,271
ACE PAO	41,131,520
Total	**264,997,065**

Further, following the reduction of the Purchase Consideration, the limit of the aggregate liability ("**Maximum Liability**") applicable for any and all breaches of Warrantors' Warranties (as defined in

the Circular) and breaches of covenants and undertakings in relation to the DMC Business has been reduced from S$6,555,948 to S$5,869,317.

(ii) the Company agreed with the Vendors on certain modifications to the restructuring of the Vendors' interests in the Memories Businesses (as defined in the Circular) from that as originally defined or otherwise contemplated under the Original SPA, as further elaborated in Section 2.11 of Part A of the Circular.

Under the Supplemental Announcement, the Board of Directors also announced that the Company had on 17 August 2017 entered into the JMR Deed of Undertaking (as defined in the Circular) and Warranty (as defined in the Circular) with JMR pursuant to which, *inter alia*, JMR has acceded to and/or agreed to be bound by the Warrantors' Warranties and certain indemnities in relation to the HAL Business and DMC Business as set out under the Original SPA, the Restricted Business Undertaking, ROFO Undertaking and Management Rights Opportunity Undertaking in favour of the Company, which the Corporate Vendor was supposed to procure JMR to do under the terms of the Original SPA. The Original SPA as amended and restated under the amending and restatement deed entered into between the Company and the Vendors dated 17 August 2017, *inter alia*, to amend and restate the Original SPA (the "**Supplemental SPA**") shall be referred as the "**RTO SPA**".

On 29 September 2017, the Board of Directors announced the extension of the long stop date to 31 December 2017 and also announced that the Company had agreed with JMR on certain amendments to the JMR Deed of Undertaking and Warranty with effect from 29 September 2017, in particular, for JMR to warrant and represent and undertake that he may not increase his percentage in the economic or ownership interests in the VL Business and the ACF Business without the approval of the Audit Committee of the Company upon Completion (as defined in the Circular) (the "**New Audit Committee**").

On 20 November 2017, the Board of Directors announced, *inter alia*, that the Company had on 20 November 2017 entered into:

(i) the Buyback Undertaking (BL Business and BOB Business) with YSIL and FMI in relation to the BL Business and the BOB Business, for reasons as further elaborated in Section 2.13 of Part A of the Circular; and

(ii) the Buyback Undertaking (HAL Business) the Corporate Vendor in relation to the HAL Business, for reasons as further elaborated in Section 2.13 of Part A of the Circular.

The Proposed Acquisition constitutes a "Reverse Takeover Transaction" pursuant to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") and is subject to, *inter alia*, the approval of the Shareholders at the EGM.

Proposed Share Consolidation

We note from the Circular that in connection with the Proposed Acquisition, the Company proposes to undertake a consolidation of the Shares based on the ratio of seven (7) existing Shares to one (1) new consolidated Shares ("**Consolidation Shares**") (the "**Proposed Share Consolidation**").

Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, pursuant to the Proposed Consolidation based on their shareholdings as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions thereof arising from the Proposed Share Consolidation will be disregarded. As the proceeds of the sale of fractions of Consolidated Shares arising from the Proposed Share Consolidation are likely to be less than the administrative costs and expenses involved in despatching such proceeds to the Shareholders, fractions of Consolidated Shares arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company. Each Consolidated Share will rank *pari passu* with each other and will be traded in board lots of 100 Consolidated Shares. Please refer to Sections 4.8 and 4.9 of Part A of the Circular for information on the arrangements made by the Company in relation to the trading of the Shares and odd lots.

As at 10 November 2017 (the "**Latest Practicable Date**"), the Company has a total issued Share capital of S$11,075,295.40 divided into 305,982,583 Shares. Following the completion of the Proposed Share Consolidation, the Company will have a total issued share capital of S$11,075,295.40 divided into approximately 43,711,798 Consolidation Shares.

The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Company. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation.

1.2. THE PROPOSED WHITEWASH RESOLUTION

Save as disclosed in the Circular, as at the Latest Practicable Date, the Vendors Concert Party Group does not hold any Shares, instruments convertible into rights to subscribe for Share, or options in respect of the Shares. The spouse of Adrian Chan, the Lead Independent Director of Yoma Strategic Holdings Ltd ("**YSH**") (the parent company of YSIL), holds 40,000 Shares.

Upon the allotment and issue of the Consideration Shares but before completion of the Proposed Compliance Placement (defined later), the Vendors Concert Party Group will hold in aggregate 264,997,065 Consideration Shares, representing approximately 85.8% of the enlarged share capital of the Company, and representing approximately 64.1% of the enlarged share capital of the Company upon the completion of the Proposed Compliance Placement (assuming the full allotment and issue of the Company Placement Shares).

Pursuant to Rule 14 of the Singapore Code on Take-overs and mergers ("**Code**") and Section 139 of the Securities and Futures Act, Chapter 289, of Singapore ("**SFA**"), the Vendors Concert Party Group will be required to make a mandatory general offer for all the remaining Shares in issue not already owned, controlled or agreed to be acquired by them.

It is a condition precedent for the Proposed Acquisition that, *inter alia*:

(i) the Securities Industry Council ("**SIC**") grants the Vendors Concert Party Group, and not having revoked or repealed such grant, a waiver of their obligation to make a mandatory general offer under Rule 14 of the Code for the Shares not owned, controlled or agreed to be acquired by them subject only to the conditions set out in paragraph 2 of Appendix 1 of the Code; and

(ii) Shareholders approve at a general meeting of the Company, the Proposed Whitewash Resolution for the waiver of the rights of the Independent Shareholders to receive a general offer from the Vendors Concert Party Group, at the highest price paid or agreed to be paid by them for the Shares in the past six (6) months, for all the Shares not owned, controlled or agreed to be acquired by the Vendors Concert Party Group under Rule 14 of the Code.

The Vendors has sought a waiver from the SIC of their obligation to make a general offer under Rule 14 of the Code.

The SIC had on 27 September 2017, granted the Vendors and Corporate Vendor Nominees a waiver from making a general offer for the Company under Rule 14 of the Code in the event the Vendors Concert Party Group acquire more than the 30.0% of the total voting rights of the Company based on its enlarged issued capital as a result of the allotment and issue of the Consideration Shares to the Vendors and Corporate Vendor Nominees, subject to certain conditions:

(a) a majority of holders of voting rights of the Company approve at a general meeting, before the allotment and issue of the Consideration Shares, the Proposed Whitewash Resolution by way of a poll to waive their rights to receive a general offer from the Vendors and Corporate Vendor Nominees;

(b) the Proposed Whitewash Resolution is separate from other resolutions;

(c) the Vendors Concert Party Group and parties not independent of them abstain from voting on the Proposed Whitewash Resolution;

(d) the Vendors Concert Party Group did not acquire or are not to acquire any Shares or subscribed for, instruments convertible into and options in respect of new shares of the Company which have been disclosed in the Circular (as defined below);

(i) during the period between the first announcement of the Proposed Acquisition and the date Shareholders' approval is obtained for the Proposed Whitewash Resolution; and

(ii) in the six (6) months prior to the first announcement of the Proposed Acquisition but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Proposed Acquisition;

(e) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Proposed Whitewash Resolution;

(f) the Company sets out clearly in the Circular to Shareholders:

(i) details of the allotment and issue of the Consideration Shares for the Proposed Acquisition;

(ii) the dilution effect to existing Shareholders upon the allotment and issue of the Consideration Shares to the Vendors and the Corporate Vendor Nominees;

(iii) the number and percentage of voting rights in the Company, rights to subscribe for and options in respect of shares in the Company held by the Vendors Concert Party Group as at the Latest Practicable Date;

(iv) the number and percentage of voting rights to be issued to the Vendors and the Corporate Vendor Nominees as a result of the allotment and issue of Consideration Shares to the Vendors and the Corporate Vendor Nominees; and

(v) specific and prominent reference to the fact that the allotment and issue of the Consideration Shares would result in the Vendors Concert Party Group holding Shares carrying over 49.0% of the voting rights of the Company, and the fact that the Vendors Concert Party Group would be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer;

(vi) specific and prominent reference to the fact that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Vendors and the Corporate Vendor Nominees at the highest price paid by the Vendors Concert Party Group for Shares in the past six (6) months preceding the commencement of the offer;

(g) the Circular states that the Whitewash Waiver granted by the SIC to the Vendors and the Corporate Vendor Nominees from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated at (a) to (f) above;

(h) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and

(i) to rely on the Proposed Whitewash Resolution, the allotment and issue of the Consideration Shares to the Vendors and the Corporate Vendor Nominees must be completed within three (3) months of the approval of the Proposed Whitewash Resolution.

As at the Latest Practicable Date, save for conditions (a) and (i), all the above conditions imposed by the SIC have been satisfied.

None of the Vendors Concert Party Group has acquired any Shares during the period commencing on a date six (6) months prior to the date of the announcement of the Proposed Acquisition on 24 October 2016 and up to the Latest Practicable Date.

Independent Shareholders are requested to vote on a poll, the Proposed Whitewash Resolution set out as an ordinary resolution in the Notice of Extraordinary General Meeting as set out in the Section entitled "Notice of Extraordinary General Meeting" of Part A of the Circular, waiving their rights to receive a general offer from the Vendors Concert Party Group.

Shareholders should note that approval of the Proposed Whitewash Resolution is a condition precedent to Completion. If Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, Completion will not take place.

Independent Shareholders should also note that by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive a general offer from the Vendors and the Corporate Vendor Nominees, which the Vendors and the Corporate Vendor Nominees would otherwise be obliged to make at the highest price paid by the Vendors Concert Party Group for Shares in the six (6) months preceding the commencement of the offer, in accordance with Rule 14 of the Code and Section 139 of the SFA.

Furthermore, Shareholders should also note that, by voting for the Proposed Whitewash Resolution, they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the issue of the Consideration Shares.

Pursuant to obtaining Shareholders' approval for the Proposed Whitewash Resolution, the allotment and issue of the Consideration Shares would result in the Vendors and Corporate Vendor Nominees holding Shares carrying more than 49.0% of the voting rights of the Company and the Vendors Concert Party Group will thereafter be free to acquire additional new Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

1.3. PROPOSED IPT MANDATE

The Company wishes to seek Shareholders' approval for a general mandate for certain interested person transactions pursuant to Part VIII of Chapter 9 of the Catalist Rules. Following the Proposed Acquisition, the Interested Persons (as defined in the Circular) will become interested persons of the enlarged group comprising the Company and its subsidiaries (including but not limited to members of the Memories Group) following Completion ("**Enlarged Group**"), as defined under Chapter 9 of the Catalist Rules.

It is anticipated that the Company would, on and after the Completion and in the ordinary course of business, continue to enter into certain transactions with the Interested Persons, including but not limited to those categories of transactions described in Section 15.2.6 of Part A of the Circular. Accordingly, the Company will be seeking the approval of the Shareholders for the Proposed IPT Mandate at the EGM.

2. TERMS OF REFERENCE

ACA has been appointed by the Company to advise the Recommending Directors in respect of the Proposed Whitewash Resolution and the Proposed IPT Mandate. We were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition, the proposed issue and allotment of the Consideration Shares, the Proposed Whitewash Resolution, the Proposed Share Consolidation, the Proposed IPT Mandate, the Proposed Compliance Placement and such other transactions contemplated in the Circular (collectively, the "**Proposed Transactions**"), nor were we involved in the deliberation leading up to the decision on the part of the Directors to enter into the Proposed Transactions, and we do not, by this Letter or otherwise, advise or form any judgment on the merits of the Proposed Transactions contemplated in the Circular for the Company or the possibilities or feasibilities of the completion of the Proposed Transactions or the timing on when the Proposed Acquisition can be completed or whether there are alternative transactions available other than to form an opinion, strictly and solely on the bases set out herein on whether: (i) financial terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, is not prejudicial to the interests of the Independent Shareholders and (ii) whether the review procedures, as set out in Section 15.2.7 of Part A of the Circular, for determining transaction prices and/or the terms, are sufficient to ensure that the transactions under the Proposed IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

We have confined our evaluation strictly and solely on the financial terms for the Proposed Acquisition (being the subject of the Proposed Whitewash Resolution) and have not taken into account the commercial/financial/operational/compliance risks and/or merits (if any) of or the timing for the Proposed Transactions contemplated in the Circular including, *inter alia,* the Restructuring or the Potential Buyback or inter-conditionality of the Proposed Transactions or the validity of any resolution or its feasibility or the possibility of a compliance placement or the possibility that the Shares may be suspended for a period of time till completion of the Proposed Compliance Placement. As such our opinion, analysis and recommendations assume that the Proposed Compliance Placement will be completed at an issue price to be determined by the Company in consultation with a placement agent and in the interest of the Company and its Shareholders but, as stated in the Circular, it shall not be less than S$0.20 per Consolidated Shares as stipulated under the Catalist Rules, and that the Proposed Compliance Placement can be completed and the shareholding spread requirements of the Catalist Rules will be met after the completion. It is not within our scope to opine on the future financial performance or position of the Company or the Memories Group (as defined in the Circular) or the Enlarged Group subsequent to the Proposed Acquisition or the Proposed IPT Mandate or the Proposed Transactions or the possibility or probability that the Company or the Memories Group or the Enlarged Group can improve their profitability or that the anticipated benefits from the Proposed Acquisition can be realised (as the case may be) or the prices at which the Shares would trade after the completion of the Proposed Transactions or the viability, profitability and risks of the Proposed Acquisition or the profitability and risks related to the Memories Group's business operations.

In addition, our scope does not require us to opine or comment on the adequacy of the working capital of the Company, the Memories Group or the Enlarged Group or the ability of the Company to raise funds for the Company Funded Cost (defined later) towards the construction of the Pun Hlaing Lodge after Completion or the legality, validity or enforceability of, *inter alia*, the RTO SPA or the Restructuring Documents (as defined in the Circular) and/or the relevant transactions as contemplated under, *inter alia*, the Restructuring or the Potential Buyback or the adequacy of measures to safeguard the Enlarged Group against potential conflict of interest (including, *inter alia,* the Restricted Business Undertaking, the ROFO Undertaking, and the Management Rights Opportunity Undertaking). Such evaluation or comment remains the responsibility of the directors of the Memories Group ("**Memories Group Directors**") and the management of the Memories Group ("**Memories Group Management**") although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Letter.

In addition, our terms of reference do not require us to evaluate or comment on the strategic or commercial/financial/legal/operational/compliance merits of the Proposed IPT Mandate (including the reliability of the sources for the transactions as well as the pricing as compared to third party sources) or on the future prospects or value of the Company or the Enlarged Group following the completion of the Proposed Acquisition. In addition, we are not required to comment and have not commented on the reliability as well as the implementation of the system for review and monitoring of the Interested Person Transactions. In addition, we do not and are not required to determine or confirm the nature or the types of Interested Person Transactions or the disclosure of the Interested Person Transactions that the Company or the Enlarged Group is involved in. Although, there are certain controls and procedures in determining Interested Person Transactions, we are not required to and had not commented on or evaluated the methods or the procedures for determining the Interested Persons. Likewise we are not required to comment on or evaluate the methods or procedures used by the Company in the context of possible changes in the nature of operations. Such evaluations or comments remain the sole responsibility of the Memories Group Directors and Memories Group Management.

In the course of our evaluation, we have held discussions with certain Directors and the Management as well as, where applicable, the Memories Group Directors and the Memories Group Management, *inter alia*, regarding their assessment of the rationale for the Proposed Acquisition, the Proposed Whitewash Resolution and the Proposed IPT Mandate as well as the existing and future processes or procedures for the Company in connection with the Interested Person Transactions, the Company and/or the Enlarged Group, and have examined publicly available information collated by us including the audited financial statements as well as information including material information or developments pertaining to the Company, and the Memories Group where applicable (both written and verbal), provided to us by the Directors and Management or where applicable the Memories Group Directors and the Memories Group Management and professional advisers of the Company, including its consultants or

advisers or solicitors or auditors. We have not independently verified such information but have made such reasonable enquiries and used our judgement (as deemed necessary) on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy or completeness or adequacy of such information or the manner it has been classified or presented or the basis of any valuations.

We have relied upon the assurance of Directors and Management that all statements of fact, belief, opinion and intention made by the Directors and the Management in the Circular (save for information in Part B of the Circular) as well as their announcements for the financial results of the Company have been reasonably made after due and careful enquiry. Likewise, we have relied upon the assurance that all statements of fact, belief, opinion and intention made by the Memories Group Directors and the Memories Group Management in the Circular (including its appendices) have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty, expressed and implied, is made and no responsibility is accepted by us concerning the accuracy or completeness or adequacy of such information or statements of facts or belief or opinion or intention. We have, however, made reasonable enquiries and exercised such judgement (as deemed necessary) on the reasonable use of the information and representations provided to us, and have found no reason to doubt the accuracy of such information or representations.

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the financial statements for the 6 month period ended 30 June 2017 ("**HY2017**") for the Company, the monthly valuation of assets and utilisation of cash for the Company as at 31 October 2017 ("**10M2017**"), the financial year ended 31 March 2017 ("**TFY2017**") for the Memories Group and 3 month period ended 30 June 2017 ("**T3M2018**") for the Memories Group. The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Memories Group or the Enlarged Group after the completion of Proposed Transactions. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Memories Group or the Enlarged Group and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Transactions (in part or in full) or voting for or voting against the Proposed Acquisition or the other transactions or resolutions stipulated in the Circular (if any) or on the future financial performance of the Company or the Memories Group or the Enlarged Group or the plans (if any) for each of them. Estimates or analysis or evaluation of the merits of the Company or the Memories Group or the Enlarged Group or the Proposed Acquisition, or the Proposed Whitewash Resolution or the Proposed IPT Mandate if any, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

Our opinion in this Letter is based on economic, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as of the Latest Practicable Date. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may and do change in the light of these developments which, *inter alia*, include general as well as company specific or industry specific conditions or sentiments or factors. Recommending Directors (as well as Independent Shareholders of the Company who would be receiving the Circular and this Letter enclosed with the Circular) should note that our evaluation is based solely on publicly available information and other information provided by the Company, the Directors, the Memories Group Directors as well as those disclosed in the Circular as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the relevant financial year end or financial period for the Company or the Memories Group or developments both macro and company specific and that these factors do and will necessarily affect the evaluation of the Proposed Whitewash Resolution and the Proposed IPT Mandate and our recommendation or opinion or views. Likewise this Letter outlines some of the matters or bases or factors or assumptions which we have used in our assessment and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in our assessment.

As set out in Section 23 of the "**Letter to Shareholders from the Board of Directors of the Company**" ("**Part A**") of the Circular, the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular (save for information in Part B of 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 Proposed Transactions, the Company and its subsidiaries (save for information in Part B of the Circular), and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading.

As set out in Section B14 of the "**Letter to Shareholders from the Board of Directors of MM Myanmar**" ("**Part B**") of the Circular, the MM Myanmar Directors, the Proposed Directors and the Placement Vendor collectively and individually accept full responsibility for the accuracy of the information given in the Circular in respect of the Proposed Transactions, MM Myanmar, the Memories Group and the Enlarged Group (insofar as they relate to the Memories Group), 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 Proposed Transactions, MM Myanmar, the Memories Group and the Enlarged Group (insofar as they relate to the Memories Group), and the MM Myanmar Directors, the Proposed Directors and the Placement Vendor are not aware of any facts the omission of which would make any statement in the Circular misleading.

The Directors have, to their best knowledge, confirmed to ACA that all material information including but not limited to plans or prospects or proposals or rationale involving the Company in connection with the Proposed Transactions stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the Proposed Whitewash Resolution and the Proposed IPT Mandate has been disclosed to ACA or included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company, the omission of which would result in the facts stated and the opinions expressed or confirmations given by the Directors in the Circular or the IFA letter to be untrue, inaccurate or incomplete in any respect or misleading.

Likewise, the Memories Group Directors have, to their best knowledge, confirmed to ACA that all material information including but not limited to plans or prospects or proposals or rationale involving the Memories Group or the Enlarged Group or the Proposed Whitewash Resolution and the Proposed IPT Mandate stipulated in the Circular or issue or changes to its capital structure, available to them in connection with the Proposed Transactions has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Memories Group or the Enlarged Group, the omission of which would result in the facts stated and the opinions expressed or confirmations given by the Memories Group Directors in the Circular or the IFA letter to be untrue, inaccurate or incomplete in any respect or misleading. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by ACA concerning the truth, accuracy, completeness or adequacy of such information or facts. We have, however, made reasonable enquiries and exercised such judgement (as deemed necessary) on the reasonable use of the information and representations provided to us, and have found no reason to doubt the accuracy of such information or representations.

Our scope does not require us and we have not made any independent evaluation or business valuation of the Company or the Memories Group or the Enlarged Group (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities of the Company or the Memories Group (including without limitation, development properties and property, plant and equipment) or contracts entered into by the Company or the Memories Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group or the Memories Group save for: (a) the valuation certificates dated 27 June 2017 issued by Robert Khan & Co Pte Ltd (the "**Independent Property Valuer**") in respect of the market value of the selected development properties and property, plant and equipment of the Memories Group, being Hpa An Lodge, Pun Hlaing Lodge and BL Land (collectively, "**Revalued Properties**") ("**Property Valuation Certificates**"); and (b) the independent valuation summary letter dated 11 August 2017 issued by Ernst & Young Solutions LLP (the "**Independent Business Valuer**") in respect of the independent valuation of the Memories Businesses (as defined in the Circular) ("**Independent Valuation Summary Letter**").

With respect to such valuations, we are not experts in the evaluation (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities (including without limitation, development properties and property, plant and equipment) including, *inter alia*, the contracts or agreements that the Company or the Memories Group has embarked upon or are about to embark upon

and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Company as reflected in the full year audited financial statements for the Company as at 31 December 2016 ("**FY2016**"), the unaudited financial statements for the Company as at 30 June 2017 as well as the monthly valuation of assets and utilisation of cash for the Company as at 31 October 2017 are true and fair. The Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the Company's audited financial statements for FY2016, unaudited financial statements for HY2017 and the monthly valuation of assets and utilisation of cash for the Company as at 31 October 2017 to be false or misleading in any material aspect. In addition, the Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact, *inter alia,* the valuation or appraisal of business, assets and liabilities including, *inter alia* the contracts or agreements that the Company has embarked upon or are about to embark upon, the omission of which would render those statements or information including our views or analysis or opinions or reliance of such statements or information to be untrue, inaccurate, incomplete or misleading.

Likewise, the Memories Group Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Memories Group as reflected in the unaudited pro forma consolidated financial statements for the Memories Group for TFY2017 and T3M2018 are true and fair. The Memories Group Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for TFY2017 and T3M2018 to be false or misleading in any material aspect. In addition, the Memories Group Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact, *inter alia,* the valuation or appraisal of business, assets and liabilities including, *inter alia*, the contracts or agreements that the Memories Group has embarked upon or are about to embark upon, the omission of which would render those statements or information including our views or analysis or opinions or reliance of such statements or information to be untrue, inaccurate, incomplete or misleading. Our views, opinion and recommendations are thus limited and subject to these matters as well as others mentioned in the Letter.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the audited financial statements of the Company for FY2016, the unaudited financial statements of the Company for HY2017 as well as the monthly valuation of assets and utilisation of cash for the Company as at 31 October 2017 and public announcements of the Company, there has been no material changes to the Company's business, assets and liabilities, financial position, condition and performance.

The Memories Group Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the unaudited pro forma financial statements for the Memories Group for TFY2017 and T3M2018, there has been no material changes to the Memories Group's business, assets and liabilities, financial position, condition and performance.

The scope of our appointment does not require us to express, and we do not express, a view or analysis or opinion on the basis or rationale for determining or negotiating the terms and conditions for the Proposed Acquisition (being the subject of the Proposed Whitewash Resolution) and the Proposed IPT Mandate or the basis of valuation used by parties (including but not limited to reliance or non-reliance on certain valuation basis or basis) for determining the consideration payable or, where applicable, the need for or amount of adjustments to the number of Consideration Shares to be issued pursuant to the Proposed Acquisition or the basis for determining the Buyback Consideration (as defined in the Circular) or the basis or methodology of any valuations undertaken or future growth prospects of the Company or the Memories Group or the Enlarged Group before and after the transactions stipulated in the Circular or the Proposed Transactions. We are also not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Transactions or the other transactions or resolutions stipulated in the Circular or voting for or voting against the Proposed Transactions or the other transactions or resolutions stipulated in the Circular or on the future financial performance of the Company or the Memories Group or the Enlarged Group or the plans (if any) for each of them.

In rendering our opinion and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Independent Shareholder. As different Independent Shareholders would have different investment profiles and objectives, we would advise the Recommending Directors to recommend that any individual Independent Shareholder who may require advice in the context of his specific investment portfolio, including his investment in the Company, consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Letter or the Proposed Transactions or the Company or the Memories Group or the Shares or the Consideration Shares which we used or may have used may differ from the relative emphasis accorded by any individual Independent Shareholder or Director or Recommending Director, and as such the Recommending Directors are advised to highlight to Independent Shareholders as well as note for themselves that any reliance on our opinion or view or assessment, is subject to the contents of this Letter in its entirety. In addition, ACA will not be responsible or required to provide an updated assessment or opinion or views of the Proposed Whitewash Resolution and the Proposed IPT Mandate or its recommendation, following the date of the issue of this Letter.

This Letter is addressed to the Recommending Directors in connection with and for the sole purposes of their evaluation of the financial terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, and the Proposed IPT Mandate. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote from this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Proposed Whitewash Resolution and the Proposed IPT Mandate and/or at the forthcoming EGM. In addition, any references to our Letter or opinion or views or recommendation, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of this Letter in its entirety, *inter alia*, the matters, conditions, assumptions, limitations, factors and bases as well as our terms of reference for this Letter.

3. PROPOSED ACQUISITION

3.1. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

The overview of the principal terms of the Proposed Acquisition can be found in Section 2.1 of Part A of the Circular. The overview of the principal terms of the Proposed Acquisition have been extracted from the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

"A2. Proposed Acquisition

2.1 Overview of the Principal Terms

2.1.1 RTO SPA

Subject to and upon the terms and conditions of the RTO SPA, the Company shall purchase from the Vendors and the Vendors shall, in consideration of the allotment and issue of Consideration Shares at the Issue Price of S$0.263 per Consideration Share, as legal and beneficial owners, transfer to the Company, all and not only some of the Sale Shares, free from all encumbrances, and with the benefit of all rights, benefits and entitlements attaching thereto with effect from the date of Completion of the Proposed Acquisition.

The Issue Price is determined based on, inter alia, ascribing a value of S$11.5 million to the Company (assuming that the Company has effected the SHC Capital Reduction, save for, inter alia, the cash balance of S$5.0 million which the Company is supposed to retain as part of its cash reserves at Completion, while taking into consideration the Proposed Share Consolidation).

The Issue Price of S$0.263 per Consideration Share is determined on the basis of post-Proposed Share Consolidation. At a pre-Proposed Share Consolidation basis, the Issue Price of S$0.263 shall be amounted to S$0.0376 which is a discount of approximately 67.6% to the volume weighted average price of the Shares of S$0.116 on 10 October 2016, being the last traded day immediately preceding the First Announcement.

As the relative figures under Rule 1006(c) and 1006 (d) of the Catalist Rules exceeds 100.0% in relation to the Proposed Acquisition and given that there will be a change in control of the Company immediately upon the Completion of the Proposed Acquisition. Accordingly, the Proposed Acquisition would therefore constitute a "Reverse Takeover" transaction pursuant to the Catalist Rules and is subject to, inter alia, the approval of the Shareholders at the EGM.

2.1.2 Consideration

The Purchase Consideration of S$69,694,228 was arrived at after arm's length negotiations between the Company and the Vendors, and on a willing-buyer and willing-seller basis, taking into account, inter alia:

(i) the earnings, potential growth, relevant costs and cost of funding, value of property assets of the Memories Businesses;

(ii) the value of the Memories Businesses without any indebtedness or liabilities (whether actual or contingent) of the Asset Holding Companies and/or the Memories Businesses, save for indebtedness or liabilities of a trading nature in relation to the Memories Businesses. the PHL Loan, if applicable, and inter-company amounts owing within the Memories Group;

(iii) the acquisition of the PHL Business with the Pun Hlaing Lodge (which is currently under construction) on a partially completed basis;

(iv) the SPA Exchange Rate; and

(v) the effecting of the Restructuring Completion.

*Due to MM Myanmar having to assume certain liabilities amounting to US$712,192 that were owing by the Corporate Vendor to AHTT ("**Assumed Liabilities**"), the Vendors and the Company have agreed under the terms of the Supplemental SPA to reduce the amount of the Purchase Consideration by S$980,902, which is the S$ equivalent of the Assumed Liabilities (based on the SPA Exchange Rate).*

This is due to MM Myanmar having a lower share capital as a result of a reduced number of consideration shares being allotted and issued to the Corporate Vendor in relation to the injection of the HAL Business and DMC Business into MM Myanmar due to the offset of the Assumed Liabilities against the purchase consideration which was supposed to be received by the Corporate Vendor for the injection of the DMC Business.

*Following the allotment and issue of 69,694,226 shares in MM Myanmar ("**MM Myanmar Consideration Shares**") on 17 August 2017, the number of Sale Shares to be sold by each of the Vendors and the relevant proportion ("**Relevant Proportion**") are set out as below:*

Vendor	*Number of Sale Shares*	*Relevant Proportion / Shareholding Percentage in MM Myanmar (%)*
YSIL	*43,941,737*	*63.1*
FMI	*11,032,173*	*15.8*
EVL	*14,720,318*	*21.1*
Total	***69,694,228(1)***	***100.0***

Note:

(1) The 69,694,228 Sale Shares comprise two (2) shares as at the date of incorporation of MM Myanmar and 69,694,226 MM Myanmar Consideration Shares.

Following the reduction to the Purchase Consideration, the aggregate number of Consideration Shares to be allotted and issued to YSIL, FMI and the Corporate Vendor Nominees has been reduced by 3,729,666 Consolidated Shares from 268,726,731 Consolidated Shares to 264,997,065 Consolidated Shares. Accordingly, the number of Consideration Shares to be allocated and issued to the Relevant Vendor Parties shall be as follows:

Relevant Vendor Parties	*Number of Consideration Shares*	*Relevant proportion of Consideration Shares (%)*
YSIL	*167,078,848*	*63.1*
FMI	*41,947,426*	*15.8*
JMR	*14,839,271*	*5.6*
ACE PAO	*41,131,520*	*15.5*
Total	***264,997,065***	***100.0***

The Consideration Shares shall be credited as fully-paid and shall rank pari passu in all respects with the then existing Shares.

For the avoidance of doubt, the Proposed Share Consolidation (further details of which are set out in Section 4 of Part A of this Circular) shall take place prior to the allotment and issue of the Consideration Shares."

The details of the Consideration Shares, the conditions precedent, Completion and other salient terms of the Proposed Acquisition can be found in Section 2.5 to 2.8 of Part A of the Circular. The details of the Consideration Shares, the conditions precedent, Completion and other salient terms of the Proposed Acquisition have been extracted from the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

*"**2.5 Consideration Shares***

Pursuant to the RTO SPA, the Parties agree that the Consideration shall be fully satisfied, on Completion, by the allotment and issue of Consideration Shares at the Issue Price to YSIL, FMI and in the case of the Corporate Vendor, to the Corporate Vendor Nominees, rounded up to the nearest Consideration Share.

The details of the Consideration Shares to be allotted and issued are as follows:

Name of Vendors	***Number of Consideration Shares***	***Relevant Proportion of Sale Shares (%)***
YSIL	*167,078,848*	*63.1*
FMI	*41,947,426*	*15.8*
Corporate Vendor	*55,970,791*	*21.1*
Total	***264,997,065***	***100.0***

The Corporate Vendor has nominated the following parties to be allotted and issued the Consideration Shares due to it under the RTO SPA:

Name of Corporate Vendor Nominees	***Number of Consideration Shares***	***Relevant Proportion of Sale Shares (%)***
JMR	*14,839,271*	*5.6*
ACE PAO	*41,131,520*	*15.5*
Total	***55,970,791***	***21.1***

The Consideration Shares, which shall be credited as fully-paid and shall rank pari passu in all respects with the then existing Consolidated Shares, will represent approximately 85.8% of the Company immediately after the Proposed Acquisition and the Proposed Share Consolidation but before the Proposed Compliance Placement. Further details of the shareholding structure of the Company post-Completion are set out in Section 13.3 of Part A of this Circular entitled "Shareholding Structure".

2.6 Conditions Precedent

*Completion of the Proposed Acquisition is conditional upon, inter alia, the conditions precedent set out in the RTO SPA having been satisfied or waived in accordance with the terms of the RTO SPA. The long stop date for the satisfaction of the conditions precedent set out in the RTO SPA is 31 December 2017 (unless extended by agreement of the Company and the Vendors) ("**Long Stop Date**").*

A summary of some of the salient conditions precedent to Completion is set out below:

*(a) the Company being reasonably satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) carried out or to be carried out by the Company and/or its advisers on the Memories Group, the Asset Holding Companies, the Memories Businesses, and MM Myanmar's business assets ("**Company's Due Diligence Investigations**");*

(b) (if applicable) the rectification by the Vendors, or the procurement by the Vendors of such rectification, to the reasonable satisfaction of the Company, of all issues or irregularities uncovered by the Company during the Company's Due Diligence Investigations which the Company requires to be duly rectified;

(c) MM Myanmar being duly incorporated and to be held and owned by the Vendors immediately prior to Completion in the Relevant Proportion pursuant to the Restructuring in such manner reasonably satisfactory to the Company;

(d) the Company and/or MM Myanmar receiving evidence or confirmation of, inter alia, the following matters:

(i) the fulfilment of the conditions precedent set out in Schedule 3 of the RTO SPA in respect of, inter alia, certain matters of the relevant Memories Businesses such as land issues, payment of stamp duties and obtaining of applicable licences, permits and Approvals to be duly rectified, regularised or obtained;

(ii) the fulfilment of the conditions precedent set out in Section B of Schedule 4 of the RTO SPA and all other applicable agreement(s) or document(s) relating to the Restructuring, and the execution and delivery of the various agreements, letters and documents that are required for the purposes of implementation and/or completion of the Restructuring;

(iii) the completion of an internal restructuring between YSIL, FMI and their Affiliate in relation to certain interests (including the entire Economic Interests) in the BOB Business, the PHL Business and the BL Business held by such Affiliate, to be evidenced by, inter alia, the delivery of a certificate jointly issued by the PHL Vendor, the BOB Vendors and the BL Vendors confirming the same;

(iv) the completion of the Corporate Vendor Buyout, to be evidenced by, inter alia, the delivery of a certificate by JMR and the Corporate Vendor confirming the same; and

(v) certain release, discharge and waiver being given by the Previous Interest Holders, the Registered Shareholders and the Vendors, as provided under the Restructuring Documents.

(e) the Company having obtained, at its own cost and expense, an independent valuation report in respect of the valuation of the Memories Group and/or the Memories Businesses and being reasonably satisfied with the results or outcome of such valuation exercise;

(f) the receipt by the Company of a legal opinion, to be issued by KCY, addressed to the Company in form and substance satisfactory to the Company and the Vendors;

(g) the Major Shareholder providing the Company with an indemnity in the agreed form pursuant to which the Major Shareholder agrees to indemnify, defend and hold harmless the Company from and against any and all losses which may be incurred or suffered by the Company based upon, arising out of or otherwise in respect of any claims against the Company in relation to the ERGO SPA, and (subject to the relevant limitations of liability under the RTO SPA) any breach of the Company's Warranties under the RTO SPA (including any indemnity claims paid out or to be paid by the Company, or for which the Company is or may be liable for under the RTO SPA) and any Tax claims against the Company arising from the period prior to Completion;

(h) the SIC having granted the Vendors and its concert parties (and not having revoked or repealed such grant) a waiver of their obligation to make a mandatory offer under Rule 14 of the Code for the Shares not held by the Vendors and their concert parties and from having to comply with the requirements of Rule 14 of the Code including but not limited to pre-clearance from the SIC on any issues in connection with the Proposed Acquisition that the Vendors and/or the Company may consider necessary, subject to (i) any conditions or restrictions that the SIC may impose, provided that such conditions or restrictions are reasonably acceptable to the Company and the Vendors and their concert parties; and (ii) the Independent Shareholders approving at a general meeting of the Company the Proposed Whitewash Resolution;

(i) the Proposed Acquisition upon the terms of the RTO SPA being approved by the SGX-ST and/or any other relevant authorities and where such approval is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the Parties;

(j) approval in-principle being obtained from the SGX-ST for this Circular to be despatched to the Shareholders in respect of the Proposed Acquisition (and where such approval in-principle is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the Parties) and the compliance by the parties to the RTO SPA of all the conditions or restrictions which may be imposed by the SGX-ST in connection thereto;

(k) receipt of a listing and quotation notice from the SGX-ST for the dealing in and quotation for the Consideration Shares on Catalist, such notice or approval not being revoked, rescinded or cancelled prior to Completion and, where such listing and quotation notice is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the Vendors and the Company;

(l) the execution and delivery by the Major Shareholder of an undertaking in the agreed form to (i) vote in favour of certain resolutions at the EGM; (ii) not to sell, assign, give, transfer or otherwise dispose of its Shares until the conclusion of the EGM; and (iii) not to charge, mortgage pledge or otherwise encumber such Shares, or in any interest in such Shares in a manner which may restrict its ability to comply with the aforesaid undertaking.

(m) the Company receiving the following approvals from its shareholders at an EGM to be convened, for:

(i) the acquisition of the Sale Shares for the Purchase Consideration;

(ii) the allotment and issue of the Consideration Shares to YSIL, FMI and the Corporate Vendor Nominees in the manner as contemplated under the RTO SPA;

(iii) the allotment and issue of the Company Placement Shares under the Proposed Compliance Placement;

(iv) the Proposed Share Consolidation;

(v) the Proposed Whitewash Resolution;

(vi) the change of name of the Company to a name which does not include the words "SHC Capital" or any derivative thereof; and

(vii) all such other Approvals required from the Company's Shareholders pursuant to applicable Laws for the completion of the transactions contemplated under the RTO SPA;

(n) the execution and delivery of the JMR Deed of Undertaking and Warranty and such JMR Deed of Undertaking and Warranty remaining in full force and effect and not being revoked, rescinded or cancelled prior to Completion;

(o) there being no delisting or suspension of the existing Shares of the Company from Catalist prior to and on Completion (other than any temporary trading halt or suspension at the request of the Company or any trading halt or suspension which will be lifted prior to or upon Completion) and the Shares not being delisted or subject to any delisting procedures prior to and on Completion;

(p) the Company being reasonably satisfied that there has been no material adverse change(i) in the business, assets, financial position or results of operations of the Asset Holding Companies and/or the Memories Businesses, (ii) in the ability of the Vendors, the Corporate Vendor Nominees, the Previous Interest Holders, the Registered Shareholders, Memories

Group Companies and/or the Asset Holding Companies to perform their respective obligations (where applicable) under this Agreement, and the Restructuring Documents and/or to effect, consummate and/or agree to the relevant transactions as contemplated under, inter alia, the Restructuring; or (iii) in the legality, validity or enforceability of, inter alia, the RTO SPA or the Restructuring Documents and/or the relevant transactions as contemplated under, inter alia, the Restructuring;

(q) the delivery of disclosure letters by the Vendors or the Company (as the case may be), disclosing exceptions to the applicable warranties made under the RTO SPA by the Vendors or the Company (as the case may be), being in an agreed form and duly accepted by the Company or the Vendors (as the case may be);

(r) the Company being satisfied that the Memories Group, Asset Holding Companies and/or the Memories Businesses have no indebtedness or liabilities, save for (i) indebtedness or liabilities of a trading nature in the ordinary course of business in relation to the Memories Businesses; (ii) the PHL Loan (if applicable); and (iii) in relation to the PHL Business, the BL Business and the HAL Business, such indebtedness owing by the relevant Asset Holding Companies to the Registered Shareholders, which will be offset against the amounts owing by the Registered Shareholders to the Asset Holding Companies by reason of the shares in the SingCo SPV to be allotted and issued to such Registered Shareholders in connection with the Restructuring, as directed by the Asset Holding Companies;

(s) the Vendors being reasonably satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) carried out or to be carried out by the Vendors and/or their advisers on the Company, including without limitation, records, financial position, accounts, results, tax, legal and corporate structure, and any other information disclosed to the Vendors;

(t) the Vendors being reasonably satisfied that there has been no material adverse change, or events, acts or omissions likely to lead to such a material adverse change in the ability of the Company to perform its obligations (where applicable) under the RTO SPA; and

(u) each of YSH, FMI and (if applicable) any holding company of FMI and YSIL receiving any approvals required from its shareholders under applicable Laws (including any applicable listing rules imposed by the SGX-ST or the Yangon Stock Exchange) in respect of the Proposed Acquisition and the transactions contemplated in connection therewith, for the entry of YSIL and/or FMI (as the case may be) into the RTO SPA and any of the transactions contemplated under the RTO SPA.

2.7 Completion

*Subject to the conditions precedent of the Proposed Acquisition being satisfied or waived (as the case may be), the Proposed Acquisition will be completed on the date falling seven (7) Business Days (as defined in the RTO SPA) after the satisfaction or the waiver of certain conditions precedent in the RTO SPA or such other date as the Parties may mutually agree ("**Completion Date**").*

As at the Latest Practicable Date, the conditions precedent in Sections 2.6(c), 2.6(d)(ii), 2.6(d)(iii), 2.6(d)(iv), 2.6(d)(v), 2.6(e), 2.6(f), 2.6(g), 2.6(h), 2.6(i). 2.6(j), 2.6(l), and 2.6(n) of Part A of this Circular have been fulfilled or satisfied.

The Company will make a separate announcement when all the conditions precedent to the Proposed Acquisition have been fulfilled or as and when any of the conditions precedent has been waived (including the basis for such waiver).

2.8 Other Salient Terms of the Proposed Acquisition

2.8.1 Representations and Warranties

Pursuant to the RTO SPA and the JMR Deed of Undertaking and Warranty, the Vendors and JMR have provided customary representations and warranties and indemnities in connection with the Proposed Acquisition, including:

*(i) certain representations and warranties by the Vendors relating to the Vendors' power and capacity to enter into the RTO SPA, title to the Sale Shares, interests (including the entire Economic Interests) in the Memories Businesses and certain matters related to the Restructuring ("**Unlimited Warranties**"); and*

*(ii) the Warrantors' Warranties and tax indemnities ("**Tax Indemnities**") by YSIL, FMI and JMR (YSIL, FMI and JMR being collectively referred to as the "**Warrantors**" and each a "**Warrantor**") in relation to the Asset Holding Companies and the Memories Businesses that they are connected to.*

The liability of the Warrantors in respect of the Warrantors' Warranties, the Tax Indemnities are several, insofar as they are warranting only in respect of, inter alia, the Asset Holding Companies and the Memories Businesses that they are connected to, as set out below:

Memories Businesses	***Warrantors***
BOB Business	*YSIL and FMI*
PHL Business	*YSIL*
BL Business	*YSIL and FMI*
HAL Business	*JMR*
DMC Business	*JMR*

*The liability of the Warrantors for any and all breaches of the Warrantors' Warranties and the Tax Indemnities which are applicable to them, as well as the liability of the Vendors for any and all breaches of the representations, warranties, covenants and undertakings given by them under the RTO SPA (excluding the Unlimited Warranties), are subject to a cap ("**Maximum Liability**"), as set out below:*

Memories Businesses	***Maximum Liability*** [(1)] ***(S$)***
BOB Business	*25,066,860*
PHL Business	*18,200,000*
BL Business	*11,707,050*
HAL Business	*5,068,464*
DMC Business	*5,869,317*

Note:

(1) Excluding the Memories Group's reasonable legal and other professional fees and expenses, and the cost of investigation and litigation if the Warrantor and/or Vendor are/is otherwise required to pay or reimburse the Company and/or the Memories Group in relation to it.

The Maximum Liability was agreed between the parties on a willing buyer, willing seller basis after negotiations between the Company and the respective Warrantors on an arm's length basis.

A claim may be brought against the Warrantors for breach of the Warrantors' Warranties only if such claim would be more than S$50,000 (whereupon the whole amount is claimable). No claim shall be brought against the Warrantors in respect of a breach of the Warrantors' Warranties and no claim shall be brought against the Vendors in respect of a breach of any of the representations, warranties, covenants and undertakings under the RTO SPA, unless notice in writing of any such claim has been given to the relevant Warrantors or Vendors on or prior to the date falling 18 months after Completion of the Proposed Acquisition (which may occur prior to the resumption of trading of the Shares). *The Tax Indemnities shall not cover any Tax Claim which is brought later than three (3) years after Completion. The aforementioned time limits were agreed between the parties on a willing buyer, willing seller basis after negotiations between the Company and the Warrantors on an arm's length basis.*

The maximum quantum of liability as aforesaid has been agreed on a willing buyer willing seller basis, taking into consideration, inter alia, the profile of the Vendors, the Relevant Vendor Parties, the Warrantors as well as the likelihood of, and possible quantum of claims for breaches of Warrantors' Warranties in relation to the relevant Memories Businesses.

2.8.2 Transaction Expenses

*Under the RTO SPA, the Parties have agreed to bear certain expenses in connection with the Proposed Acquisition ("**Transaction Expenses**") in the manner as follows:*

(a) The Company shall be responsible for the fees and expenses associated with:

(i) the appointment of KPMG Corporate Finance Pte Ltd (for services rendered in connection with the Proposed Acquisition), the independent financial adviser and the independent valuer providing the Independent Valuation for purposes of the Proposed Acquisition; and

*(ii) the appointment of the internal auditor and the independent auditor and reporting accountants for the Company and appointment of any tax advisers appointed for rendering tax advice in connection with the Restructuring and all other reasonably incidental fees, costs and expenses (excluding the fees of legal counsel to be appointed by the Company and the Vendors in connection with the negotiation of the RTO SPA, which shall be borne by the respective Parties and, for the avoidance of doubt, excluding all legal and financial due diligence costs which shall be borne by the Vendors) incurred or to be incurred for purposes of the Proposed Acquisition (collectively, "**Other Transaction Expenses**"), provided that the Company may use the Cash Balance to make payment of all or any portion of the Other Transaction Expenses which is due or payable on or prior to Completion, and the Company's obligation to maintain the Cash Balance as at Completion shall be deemed satisfied and met so long as the Cash Balance as at Completion is equal to S$5.0 million less the aggregate of all such payments made.*

(b) The Vendors shall be responsible for the fees and expenses associated with the appointment of PrimePartners Corporate Finance Pte. Ltd. as the full sponsor, for purposes of the Proposed Acquisition and all due diligence (including financial and legal due diligence) costs and expenses to be incurred in connection with the Proposed Acquisition.

*(c) (i) In the event the Proposed Acquisition is not completed as a result of any breach of or non-compliance with any warranty (excluding any breach of Warrantors' Warranties), undertaking or covenant by or due to the fault of or otherwise due to factors directly attributable to one or more of the Parties ("**Defaulting Party**"), all costs and expenses incurred in connection with the Proposed Acquisition shall be payable by the Defaulting Party.*

(ii) In the case of breach of Warrantors' Warranties, the Defaulting Party shall bear all costs and expenses incurred in connection with the Proposed Acquisition if such breach of Warrantors' Warranties are in respect of matters relating to, inter alia, the Vendors' power and capacity to enter into the RTO SPA, title to the Sale Shares, and inability to procure the completion of the Restructuring due to any breach of default of any of the Registered Shareholders and/or the Asset Holding Companies. For breaches of other Warrantors' Warranties, the Company's recourse will be limited to its ability to recover 50.0% of the Other Transaction Expenses in the event there is no Completion. Such limitation has been agreed to on a willing buyer willing seller basis.

(d) In the event the Proposed Acquisition is not completed for whatever reason save in the case as provided in Section 2.8.2(iii) of Part A of this Circular: (i) the Company agrees and undertakes to bear 50.0% of the Other Transaction Expenses; and (ii) the

Vendors agree and undertake to bear the remaining 50.0% of the Other Transaction Expenses.

In relation to the above, as announced by the Company on 29 January 2016, the Company has received the Cost Reimbursement Undertaking from the Major Shareholder pursuant to which the Major Shareholder has agreed to reimburse the Company for all costs and expenses relating to the Proposed Acquisition in the event the Proposed Acquisition is not successful.

2.8.3 PHL Construction

As at the Latest Practicable Date, construction of the Pun Hlaing Lodge is underway and will not be completed by Completion.

*Under the RTO SPA, the Company has agreed that the Company and/or PHLHML shall pay up to US$12.0 million ("**PHL Company Funded Costs**") towards the construction of the Pun Hlaing Lodge after Completion. The PHL Company Funded Costs was agreed upon based on the projected total construction costs of the Pun Hlaing Lodge less the projected construction costs incurred or to be incurred by the PHL Vendor by Completion of the Proposed Acquisition. As at the Latest Practicable Date, the Memories Group has not paid towards the PHL Company Funded Costs.*

*Under the RTO SPA, YSIL, being the Vendor of the PHL Business, has agreed to procure the completion of the construction of the Pun Hlaing Lodge on the PHL Land in accordance with the certain project specifications (which are summarised in the RTO SPA) ("**PHL Construction**"), and has further agreed that, except for the PHL Company Funded Costs (which includes the PHL Loan), YSIL shall be fully responsible and liable for all costs and expenses related to or connected with the PHL Construction ("**PHL Construction Costs**") save for certain excluded costs and expenses including, inter alia, those arising from variation orders or any other changes to the project specifications in respect of the PHL Construction, or from any wilful or unreasonable action, inaction, withholding or delay of any consent required to be given by the Company, or from any changes to or proposed new laws and legislation, or any loss or damage to, or delay in the PHL Construction caused by fire, floods or other force majeure event occurring after Completion, the risk of which is typically borne by the owner (collectively, the "**Agreed Adjustments**").*

*In the event the PHL Vendor reasonably anticipates that the PHL Construction Costs as at Completion will exceed the anticipated PHL Construction Costs to be incurred as of Completion as communicated by YSIL to the Company on or prior to the date of the RTO SPA ("**Anticipated PHL Vendor Completion Day Costs**"), YSIL may procure that PHL or PHLHML to obtain a bank loan ("**PHL Loan**") solely for the purpose of financing the PHL Construction until Completion, and the Company agrees to assume the obligation for payment of the PHL Loan, accrued interest thereunder and related fees and expenses, provided that (i) the PHL Loan shall be for a maximum aggregate principal amount not exceeding US$3.0 million; (ii) the terms of the PHL Loan shall be agreed between the Company and YSIL and (iii) the Company's obligation to pay the PHL Company Funded Costs shall be reduced accordingly by the Company's obligation to pay the PHL Loan, accrued interest thereunder and related fees and expenses.*

*In the event that the amount of the PHL Construction Costs paid by the PHL Vendor on or by Completion exceeds the Anticipated PHL Vendor Completion Day Costs ("**PHL Vendor Excess Amount**"), the Company and/or PHLHML shall upon demand by the PHL Vendor, reimburse the PHL Vendor (or such other person as it may nominate or direct) such part of the PHL Vendor Excess Amount up to the PHL Company Funded Costs, provided that such payment shall only be due upon completion of the Proposed Compliance Placement or any fund raising taken on by the Enlarged Group (whichever is the earlier) and provided further that upon the PHL Vendor's receipt of such PHL Vendor Excess Amount by the Company, the Company's obligation to pay the PHL Company Funded Costs shall be reduced accordingly by such equivalent amount.*

*Within two (2) months after completion of the PHL Construction and handover of the Pun Hlaing Lodge to the Memories Group, the PHL Vendor shall deliver (including procuring SPA D&P (an Affiliate of YSIL) to assist in preparing) a set of completion accounts to the Company ("**Completion Accounts**"), setting out the total PHL Construction Costs and a detailed breakdown of such costs including the Company Funded Costs, the Agreed Adjustments, if any, and the PHL Vendor Costs. Within seven (7) days of the delivery of the Completion Accounts:*

*(a) in the event that the Company's and/or PHLHML's payments of, and any and all outstanding obligation or liability to make payment for the PHL Construction Costs on or after Completion is less than the aggregate of the PHL Company Funded Costs and Agreed Adjustments, if any, (the difference being referred to as the "**Difference Amount**"), the Company shall reimburse the PHL Vendor for such part of the PHL Vendor Excess Amount, if any, not paid or reimbursed to the PHL Vendor (as such other person as it may nominate or direct at Completion) up to the Difference Amount; and*

(b) the PHL Vendor shall, on demand by the Company, reimburse the Company for any PHL Vendor Costs paid by the Company.

The Company does not have any claims against the PHL Vendor in the event of any delays in the completion of the construction of Pun Hlaing Lodge. However, under the terms of the RTO SPA, the construction costs to be borne by the Company is capped at US$12.0 million and the Company will not incur further cost resulting from the delay in construction as additional cost overruns in relation to the construction of Pun Hlaing Lodge will be borne by the PHL Vendor. Separately, the parties have not agreed on any performance bond to be delivered nor provision for retention sums to be retained by the Company following the completion of the construction of Pun Hlaing Lodge, inter alia, as such matters may be addressed under the various project management and construction contracts entered or to be entered into between PHLHML and the various contractors and service providers in connection with the construction of the Pun Hlaing Lodge.

As at the Latest Practicable Date, the total committed capital expenditure for the construction is estimated to amount to approximately US$19.8 million. As at the Latest Practicable Date, approximately US$11.8 million has been expended, and no PHL Loan has been taken. As at the Latest Practicable Date, YSIL has no intention to procure PHL or PHLHML to obtain the PHL Loan solely for the purpose of financing the PHL Construction until Completion. The remaining capital expenditure for the construction will potentially be funded by internally generated funds, bank loans and partially from the net proceeds to be raised from the Proposed Compliance Placement.

2.8.4 Cash Balance

*Subject as provided below, the Company has agreed to retain a cash balance of S$5.0 million (the "**Cash Balance**") as part of its cash reserves as at Completion.*

Under the RTO SPA, the Vendors have agreed that the Company can use the Cash Balance to pay for the Other Transaction Expenses. Please refer to Section 2.8.2 of Part A of this Circular for further details of the Other Transaction Expenses.

The Vendors have agreed and acknowledged that save for the Company's obligation to maintain the Cash Balance as aforementioned, the Company may return substantially all of its cash (including the deposit of S$1.3 million and other than such cash as may be required for its operating expenses) to its existing Shareholders, whether by way of declaration of dividend or return of capital or otherwise, at any time after the signing of the RTO SPA and/or Completion, and the Vendors will not participate in the same.

*The Company had on 3 February 2017 completed a cash distribution of S$29,068,345 by way of a capital reduction approved by the Shareholders on 7 December 2016 ("**SHC***

*"**Capital Reduction**"). As at the Latest Practicable Date, the Company has a cash balance of approximately S$5.3 million.*

2.8.5 Business Undertakings

As at the Latest Practicable Date, JMR holds interests of approximately 21.3% and 18.0% in the ACF Business and the VL Business respectively. Please refer to Section 14.1.2 for further details on JMR's interest in the ACF Business and VL Business.

Under the JMR Deed of Undertaking and Warranty, JMR has agreed to:

*(i) use his best efforts to procure the owners of the ACF Business, to undertake that in the event the Company wishes to acquire the ownership in respect of the ACF Business at any time after Completion, they shall enter into discussions and negotiations with the Company in good faith to agree on the terms and conditions upon which the Company can acquire the ACF Business, subject to lawful structuring and compliance with all Applicable Laws and on such basis or parameters to be mutually agreed (including but not limited to the independent valuation exercise to be conducted on the ACF Business) and shall be further subject to, inter alia, financial and all necessary corporate and other Approvals to be obtained for the transaction ("**ACF Business Undertaking**"); and*

*(ii) use his best efforts to procure the owners of the VL Business, to undertake that in the event the Company wishes to acquire the ownership and/or management and/or operation rights in respect of the VL Business at any time after Completion, they shall enter into discussions and negotiations with the Company in good faith to agree on the terms and conditions upon which the Company can acquire such ownership and/or management and/or operation rights, subject to lawful structuring and compliance with all Applicable Laws ("**VL Business Undertaking**").*

2.8.6 Mutual Covenants in relation to Restricted Business

*Pursuant to the RTO SPA and the JMR Deed of Undertaking and Warranty, each of the Vendors and JMR has undertaken ("**Restricted Business Undertaking**") in favour of each other Vendor, JMR, and the Enlarged Group, inter alia, that neither it or he nor any of it or its Affiliates shall (in the case of a Vendor) during the Vendor's Restricted Period and (in the case of JMR) during the JMR Restricted Period, for its or his own account or otherwise, carry on or be engaged, concerned or interested in, or otherwise consider any proposed interest or participation in, any business which is substantially the same or in competition with any Restricted Business for the time being carried on by the Enlarged Group, or solicit or entice away or attempt to solicit or entice away from the Restricted Business the employees and officers of the Restricted Business or the custom of any customer or any person who is a travel or tourism-related agency, website or portal to or which otherwise serves as a distribution channel or network or introducer to the Enlarged Group, in connection with any Restricted Business for the time being carried on by the Enlarged Group.*

*"**Restricted Business**" refers to:*

(i) the business of management and/or operation of resorts and hotels in Myanmar;

(ii) the business of tourism destination management business in Myanmar; and

(iii) the business of management, operation and ownership of hot-air balloons tourism attraction assets in Myanmar,

Provided always that without prejudice to the VL Business Undertaking and the ACF Business Undertaking, JMR shall not be prohibited or restricted from continuing to hold his existing economic or ownership interest in the VL Business and the ACF Business. Any future increase in JMR's percentage in the economic or ownership interests in the VL

Business and the ACF Business shall be subject to the approval of the New Audit Committee post-Completion of the Proposed Acquisition.

The "Affiliates" who are covered under ambit of the Restricted Business Undertaking, the ROFO Undertaking and Management Rights Opportunity Undertaking in the RTO SPA, do not include the following person(s) who are within the definition of "associates" under the Catalist Rules:

(i) in relation to each of YSIL, FMI and the Corporate Vendor, any company in the equity of which YSIL/FMI/Corporate Vendor and/or its subsidiary or holding company or fellow subsidiary taken together (directly or indirectly) have an interest of 30.0% or more; and

(ii) in relation to Mr Serge Pun, any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more.

The scope of person(s) who are subject to the Restricted Business Undertaking, the ROFO Undertaking and Management Rights Opportunity Undertaking have been agreed on a willing buyer, willing seller basis, after taking into consideration, inter alia, what scope of restrictions are necessary for the protection of the legitimate interests of the buyer, and as such is not the same as those falling under the definition of "associates" under the Catalist Rules.

Notwithstanding the foregoing, Mr Serge Pun has given a separate deed of undertaking dated 19 November 2017 which subjects his Associates to certain restrictions against entering in the Restricted Business. Please refer to Section 15.5 of Part A of this Circular for further details to the extent that there may be transactions between the Enlarged Group and the Vendors or their Associates (as defined under the Catalist Rules) which amount to interested persons transactions, the Enlarged Group will comply with the applicable requirements under Chapter 9 of the Catalist Rules relating to interested persons transactions.

2.8.7 Rights of First Offer

(i) Restricted Business Opportunity

*Pursuant to the RTO SPA and the JMR Deed of Undertaking and Warranty, each of the Vendors and JMR has agreed and undertaken ("**ROFO Undertaking**") that in the event that it or he receives or it has come to the attention of any of the Vendors or JMR that any of its or his Affiliates had received (whether directly or indirectly, including through any other person) at any time or from time to time during (in the case of a Vendor) the Vendors' Restricted Period and (in the case of JMR) the JMR Restricted Period, any bona fide offer, proposal or expression of interest or otherwise has an opportunity, for its or his own account or otherwise and whether or not solicited, to carry on or be engaged, concerned or interested in, carrying on, or otherwise to consider any proposed investment or participation in, any Restricted Business or which otherwise competes with the Restricted Business ("**Restricted Business Opportunity**"), such Vendor or JMR ("**Offeror**") shall, to the extent that it is within its or his powers to grant such right, and it or he is legally or contractually not restricted from doing so, offer the Enlarged Group the right of first offer to commercially exploit, invest and/or participate in the Restricted Business Opportunity in place of and to the exclusion of the Offeror.*

(ii) Management Rights Opportunity

*Pursuant to the RTO SPA and the JMR Deed of Undertaking and Warranty, each of the Vendors and JMR has agreed and undertaken ("**Management Rights Opportunity Undertaking**") that in the event that at any time or from time to time during (in the case of a Vendor) the Vendors' Restricted Period and (in the case of*

*JMR) the JMR Restricted Period, it or he and/or any of its or his Affiliates ("**Offeror**") proposes or intends to develop, acquire, invest or participate in the ownership of any hotel or resort assets in Myanmar ("**Other Project Ownership**") that falls within the following prescribed parameters, it or he shall offer the Company the right of first offer to secure the management and operation rights of the hotel or resorts assets which is the subject of such Other Project Ownership, whether directly or indirectly through any member of the Enlarged Group ("**Management Rights Opportunity**"):*

(a) the hotel or resort asset which is the subject of the Other Project Ownership satisfies both (and not one only) of sub-clauses (i) and (ii) below:

(i) the hotel or resort asset is primarily a leisure tourism-focused hotel or resort asset, as opposed to primarily a business-focused hotel or resort asset; and

(ii) the hotel or resort asset is not part of an integrated development project;

(b) the Offeror is either itself empowered/able to grant, or is able to obtain the relevant consents of its shareholder(s) or partner(s) to grant to the Company and Memories Group, the management and operation rights in respect of the hotel(s) or resort(s) which is the subject of the Other Project Ownership; and

(c) the granting of such a Management Rights Opportunity would not in any way disqualify or prejudice the Offeror from being able to participate in the Other Project Ownership, or cause or result in the Other Project Ownership being terminated,

*(collectively, "**MRO Parameters**").*

In addition, under the RTO SPA and the JMR Deed of Undertaking and Warranty, it is contemplated that the Management Rights Opportunity may not have to be awarded to the Enlarged Group if:

(a) the Other Project Ownership does not fall under the MRO Parameters;

(b) the Company does not express interest in pursuing the Management Rights Opportunity in respect of such Other Project Ownership after having been given a notice of offer in relation to the same, or the parties fail to come to a mutual agreement on the terms upon which the Company can secure the Management Rights Opportunity in relation to such Other Project Ownership;

(c) the New Audit Committee of the Company determines, inter alia, that there are any legal, financial and/or commercial reasons or other circumstances prevailing which would make it unreasonable or impracticable to require the Offeror to offer the Management Rights Opportunity to the Enlarged Group; and

(d) the Other Project Ownership is not one which one would objectively expect the Enlarged Group to have the capacity or capability to manage and operate, taking into account the profile, branding or track record of the manager and operator that is required in order to match or fit the profile or branding of such Other Project Ownership.

For the avoidance of doubt, save as provided in paragraph (c) above, an Offeror is obliged to offer the Management Rights Opportunity in relation to an Other Project Ownership so long as such Other Project Ownership falls within the MRO Parameters.

The Restricted Business Undertaking, the ROFO Undertaking and the Management Rights Opportunity Undertaking do not apply to restrict or limit YSIL or FMI and their Affiliates from

*undertaking the following businesses ("**Businesses of YSIL and FMI**") which as of the date of the Original SPA have been undertaken by Affiliates of YSIL or FMI:*

(a) investing in, developing and constructing properties, including hotels or resorts, whether on its own or in a joint venture, collaboration or partnership with other parties, as part of its property development business, provided that it shall not undertake the Restricted Business;

(b) providing any technical, management and other project consultancy or other services in respect of developments and construction of properties, including hotels and resorts, whether as standalone projects or in mixed-use property developments; and

(c) operating and managing serviced apartments and residences."

The details of the Deed of Undertaking (as defined in the Circular) can be found in Section 15.5 of Part A of the Circular and have been extracted from the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

"Deed of Undertaking

*In addition to the foregoing, to further mitigate any potential conflict of interests, Mr Serge Pun has entered in a deed of undertaking on 19 November 2017 pursuant to which Mr Serge Pun undertakes to the Company that with effect from the date of Completion of the Proposed Acquisition, for so long as the shares of the Company continue to be listed and traded on SGX-ST and for so long as Mr Serge Pun is ("**Restricted Period**"):*

(a) a director of the Company;

(b) an employee of the Company and for a period of 12 months after the termination of such employment; or

(c) a Controlling Shareholder of the Company,

Mr Serge Pun shall, and shall procure that his Associates shall:

(i) not either on his or its own account or in conjunction with or on behalf of any person firm or company carry on or be engaged concerned or interested directly or indirectly in the Restricted Business (other than as a holder of not more than 5.0% of the total issued shares or debentures of any company listed on any recognised stock exchange);

(ii) not have any interest, directly or indirectly, in, and/or provide any assistance, financial, technical or otherwise, to, any person or entity in which he or it has a financial interest in, to carry on the Restricted Business;

(iii) not be a director or hold an executive management position in any entity in which he or it has a financial interest in, whose business is in competition with the Restricted Business;

(iv) ensure that no company or business in which he or it has a financial interest in, and he or it is in the position to control, dominate or influence decision making, shall engage in the Restricted Business;

(v) not either on his or its own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from the Enlarged Group any person or corporation who (i) is or has been at any time a customer or supplier of the Enlarged Group; or (ii) is in commercial negotiations with the Enlarged Group with a view to placing business with the Enlarged Group; or

(vi) not either on his or its own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from the Enlarged Group solicit

any management employee or officer of the Group Companies whether or not such person would commit a breach of his contract of employment or appointment by reason of leaving such employment or appointment.

Notwithstanding the above,

A. the definition of Associates for the purposes of sub-paragraphs (i) to (vi) above shall not include YSH, its subsidiaries and associated companies;

B. the definition of Associates for the purposes of sub-paragraphs (i) to (vi) above will not include FMI, its subsidiaries and associated companies, as long as Mr Serge Pun and his Associates collectively hold directly or indirectly less than 50.0% of the shares in FMI; and

C. due to the business nature of Yoma Bank Limited, a subsidiary of FMI, Yoma Bank Limited shall not be subjected to the provisions stipulated in sub-paragraphs (i) to (vi). Notwithstanding the foregoing, for so long as Mr Serge Pun and his Associates collectively hold directly or indirectly more than 50.0% of the shares in Yoma Bank Limited, Mr Serge Pun shall procure Yoma Bank Limited not to directly or indirectly own, either wholly or partially, or invest in any tourism or tourism related assets, businesses or companies."

4. INFORMATION ON VENDORS/CORPORATE VENDOR NOMINEES

Information on the Vendors/Corporate Vendor Nominees and can be found in Section 2.3 of Part A of the Circular.

5. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION

In assessing the financial terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, we have taken into account the following pertinent factors as well as others as set out in this Letter, which we consider as having a significant bearing on our assessment:–

(i) Rationale for the Proposed Acquisition;

(ii) Assessment of the Pre-Consolidation Issue Price (defined later);

(iii) Assessment of the Purchase Consideration; and

(iv) Other considerations which have significant bearing on our assessment.

These factors are discussed in detailed in the ensuing sections.

We have applied certain valuation ratios in assessing the reasonableness of the Issue Price (or the "**Pre-Consolidation Issue Price**", being the Issue Price prior to the Proposed Share Consolidation of S$0.0367 per Share), and the Purchase Consideration. A brief description of such valuation ratios are as follows:–

(i) **EV/EBITDA**

"EV" or **"Enterprise Value"** is defined as the sum of a company's market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. **"EBITDA"** stands for earnings before interest, tax, depreciation and amortisation but after share of associates' and joint ventures' income but excluding exceptional items.

The **"EV/EBITDA"** multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.

(ii)	**Price-to-Earnings ("PER")**	The PER is a widely used earnings-based valuation methodology that illustrates the ratio of the current market price of a company's shares relative to its net earnings per share. Unlike the EV/EBITDA multiple, the PER is based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. As such, the PER is affected by the capital structure of a company, tax position as well as its depreciation and goodwill policies.
(iii)	**Price-to-NTA ("P/NTA")**	The P/NTA ratio is the ratio of the relevant prices of the shares to the net tangible asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its asset backing as measured in terms of its NTA value. The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders. The NTA-based approach is widely used for valuing the shares of property-based companies as their tangible asset backings are perceived as providing support for the value of their shares.
(iv)	**Price-to-NAV ("P/NAV")**	The P/NAV ratio is the ratio of the relevant prices of the shares to the net asset value of the relevant companies. It is an asset based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible and intangible asset backing as measured in terms of its NAV value. The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders.

In assessing the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, we have taken into account the following pertinent factors (as well as others in this Letter), which we consider will have a significant bearing on our assessment.

5.1. Rationale for the Proposed Acquisition

The rationale for the Proposed Acquisition can be found in Section 2.2 of Part A of the Circular and have been extracted and set out in italics below. Shareholders are advised to read Section 2.2 of Part A of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

*"**2.2. Rationale***

Following the completion of the disposal of its general insurance business, the Company became a cash company under Rule 1017 of the Catalist Rules with effect from 1 August 2014. Under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the Catalist if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company.

The Company had applied for and was granted by the SGX-ST further extensions of time to meet the requirements for a new listing as follows:

(i) On 21 August 2015, the Company was first granted an extension of time to meet the requirements for a new listing by 31 January 2016 for its then proposed acquisition of Tongda Medical Device Limited which was aborted on 2 November 2015;

(ii) On 28 January 2016, the Company was granted an extension of time to meet the requirements for a new listing by 31 December 2016 for the Proposed Acquisition. This has

been further extended till 30 September 2017 as announced by the Company on 13 December 2016; and

(iii) On 25 September 2017, the Company was granted an extension of time to meet the requirements for a new listing by 31 December 2017, as announced by the Company on 26 September 2017.

The Existing Board is of the view the Proposed Acquisition, if completed by the Company, will provide the Company with an opportunity to venture into a business with the potential for growth in the emerging market of Myanmar and accordingly, it is in the interests of the Company and its Shareholders to complete the Proposed Acquisition.

If the Proposed Acquisition is not completed, the Company will have to be delisted pursuant to Rule 1017 of the Catalist Rules and, in the absence of an exit cash offer by any party, the Company intends to undergo a voluntary liquidation and be wound up and dissolved thereafter."

5.2. Assessment of the Pre-Consolidation Issue Price

In assessing the Pre-Consolidation Issue Price, we have considered the historical financial performance and position of the Company, the historical trading performance of Shares, the Company's NAV and NTA, and comparison with the precedent successful reverse takeovers ("**RTOs**") transactions undertaken by companies listed on the SGX-ST.

(a) Historical financial performance and position of the Company

The Company had on 1 August 2014 completed the disposal of the entire issued and paid-up share capital of its wholly owned subsidiary, SHC Insurance Pte. Ltd. ("the **Disposal**"). Following the completion of the Disposal, the Company ceased to have any operating business and had since been classified as a cash company under Rule 1017 of the Catalist Rules.

A summary of the audited financial statements of the Company for FY2014, FY2015, FY2016 and the unaudited financial statements for HY2017 and HY2016 as well as the monthly valuation of assets and cash as at 31 October 2017 are set out below:

Summary of income statements

Figures in S$'000[1]	Unaudited HY2017	Unaudited HY2016	Audited FY2016	Audited FY2015	Audited FY2014
Total income	20	43	85	92	68,322[2]
Total expenses	(1,037)	(938)	(2,458)	(2,770)	(1,761)
(Loss)/Profit before income tax	(1,017)	(895)	(2,373)	(2,678)	66,561
(Loss)/Profit after tax	(1,017)	(895)	(2,373)	(2,681)	66,561

Summary of statements of financial position

Figures in S$'000[1]	Unaudited 10M2017	Audited FY2016	Audited FY2015	Audited FY2014
Non-current assets	209	313	439	564
Current assets	5,350	36,644	38,905	68,927
Non-current liabilities	-	-	-	-
Current liabilities	345	470	484	412
Total borrowings	-	-	-	-
Shareholders' equity	5,214	36,487	38,860	69,079
Net working capital	5,005	36,174	38,421	68,515

Summary of statements of cash flows

Figures in S$'000[(1)]	Unaudited HY2017	Unaudited HY2016	Audited FY2016	Audited FY2015	Audited FY2014
Net cash (used in)/from operating activities	(1,229)	(1,037)	(2,261)	(2,467)	1,269
Net cash from investing activities	29,064	1,104	1,211	27,493	44,960
Net cash used in financing activity	(29,068)	-	-	(27,538)	(37,386)
Net (decrease)/increase in cash and cash equivalents	(1,233)	67	(1,050)	(2,512)	8,843
Cash and cash equivalents at end of financial year/period	4,712	7,062	5,945	6,995	9,507

Notes:

(1) The figures included herein and discrepancies between the listed and total amounts thereof are subject to rounding.

(2) The Company recorded a gain on Disposal of approximately S$64.7 million, in addition to the finance and other income recorded.

We note the following:

(i) Total income

The Company ceased to have any operating business following the Disposal and had since become a cash company as at 1 August 2014. The Company recorded total income of approximately S$68.3 million, S$0.1 million, S$0.1 million and S$20 thousand for FY2014, FY2015, FY2016 and HY2017 respectively. The total income for FY2015, FY2016 and HY2017 was mainly attributable to the interest income from both fixed deposits with banks and cash and cash equivalents. In FY2014, the Company recorded a gain on Disposal of approximately S$64.7 million, in addition to the finance and other income recorded (mainly due to the dividend income received of approximately S$3.5 million).

(ii) Total expenses

Total expenses (comprising staff costs, depreciation of plant and equipment and other operating expenses) was approximately S$1.8 million, S$2.8 million, S$2.5 million and S$1.0 million for FY2014, FY2015, FY2016 and HY2017 respectively. Other operating expenses increased from approximately S$1.6 million in FY2014 to approximately S$2.6 million in FY2015 due mainly to professional fees incurred for the proposed acquisition of Tong Da Medical Device Limited ("**Proposed Tong Da Acquisition**") (which was terminated in FY2015) and the Proposed Acquisition. Other operating expenses subsequently declined by approximately S$0.3 million to approximately S$2.3 million in FY2016 which was mainly attributable to the absence of legal and professional fees incurred in relation to the Proposed Tong Da Acquisition, offset by the increase of such fees incurred in respect of the Proposed Acquisition. For HY2017, the Company's other operating expenses of approximately S$1.0 million comprised mainly legal and professional fees related to the Proposed Acquisition (approximately S$0.4 million), interim management remuneration (approximately S$0.3 million), Directors' fees (approximately S$0.2 million) and audit fees (approximately S$18 thousand).

(iii) Loss making for FY2015 to HY2017

Save for FY2014 whereby the Company recorded profit after tax of approximately S$66.6 million due to the one-off gain on Disposal, the Company was loss making in FY2015, FY2016 and HY2017 with loss after tax of approximately S$2.7 million, S$2.4 million and S$1.0 million respectively mainly due to the other operating expenses incurred in relation to the Proposed Tong Da Acquisition and Proposed Acquisition.

(iv) Assets and liabilities

The Company's total assets amounted to approximately S$5.6 million as at 31 October 2017 comprising current assets of approximately S$5.4 million and non-current assets of approximately S$0.2 million.

Current assets as at 31 October 2017 comprise of cash held in escrow account of approximately S$1.6 million, fixed deposits of approximately S$3.0 million, bank balances of approximately S$0.7 million and prepayments and other receivables of approximately S$20 thousand.

Non-current assets as at 31 October 2017 comprises only of motor vehicle of approximately S$0.2 million.

The Company's total liability consist only accruals for director's fees and professional fees of approximately S$0.3 million as at 31 October 2017.

(v) Net working capital and Shareholders' equity

The Company's net working capital decreased from approximately S$68.5 million as at 31 December 2014 to approximately S$38.4 million as at 31 December 2015 and approximately S$36.2 million as at 31 December 2016. It subsequently decreased to approximately S$5.0 million as at 31 October 2017. In addition, the shareholders' equity for the Company decreased from approximately S$69.1 million as at 31 December 2014 to approximately S$38.9 million as at 31 December 2015. It subsequently decreased to approximately S$36.5 million as at 31 December 2016. As at 31 October 2017, Shareholders' equity was approximately S$5.2 million.

We note that the substantial decline in both the Company's net working capital and shareholders equity as at 30 October 2017 was attributable to the completion of a capital reduction ("**Capital Reduction**") pursuant to Section 78A, read with Sections 78C to 78F of the Companies Act (Chapter 50) of Singapore ("**Companies Act**"), involving a cash distribution (the "**Cash Distribution**") to the Shareholders of S$0.095 per Share in cash (amounting to an aggregate distribution of approximately S$29.1 million).

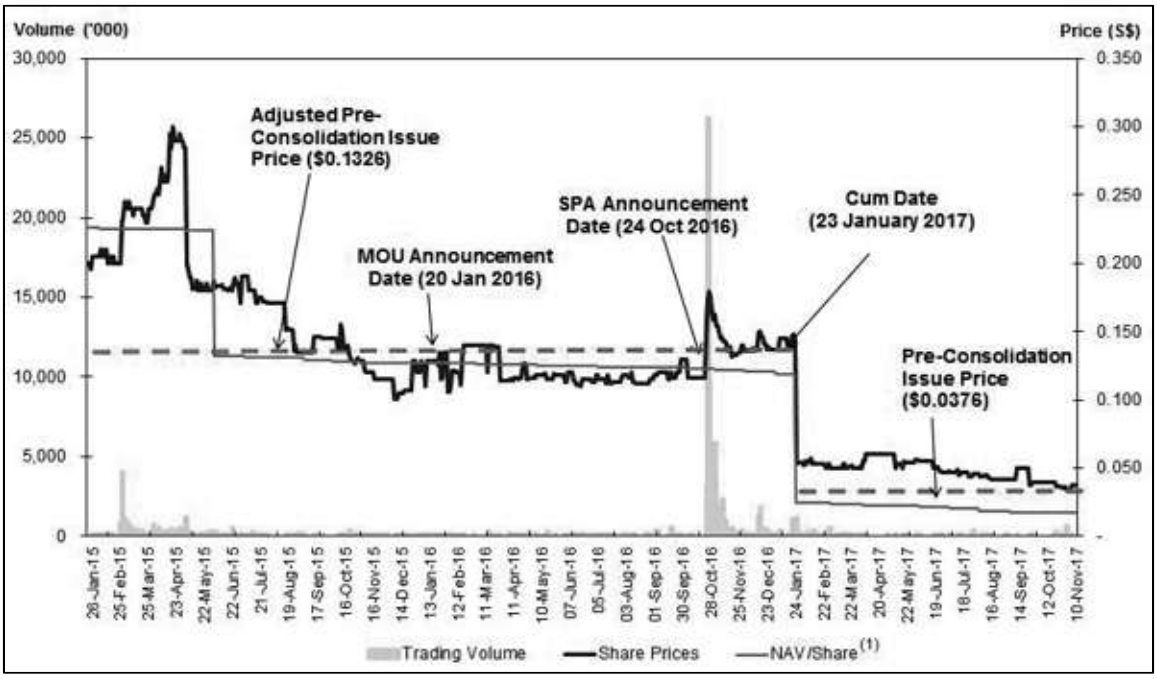
(vi) Cash flow from operations

Save for FY2014 whereby the Company recorded positive net cash flow from operating activities of approximately S$1.3 million, the Company recorded negative net cash flow from operating activities of approximately S$2.5 million, $2.3 million and S$1.2 million in FY2015, FY2016 and HY2017 respectively, mainly due to payment of fees for the interim CEO and interim CFO as well as professional fees related to the Proposed Tong Da Acquisition and the Proposed Acquisition.

(b) Market quotation and trading activities for the Shares

Directors have represented and confirmed that the Pre-Consolidation Issue Price was determined based on the assumption the Cash Distribution had been effected. Hence, the comparison of the Pre-Consolidation Issue Price against the last transacted prices for the Shares prior to the Cum Date (defined herein) may not be meaningful. We note that upon completion of the Cash Distribution, Share prices have declined from S$0.143 on 23 January 2017, being the last date and time of "cum" trading of the Shares on the SGX-ST for the purposes of the Proposed Capital Reduction ("**Cum Date**") to S$0.053 on 24 January 2017, representing a decline of approximately S$0.090 per Share (or approximately 62.9%). For illustrative purposes only, assuming that the Cash Distribution had not been factored in, the adjusted Pre-Consolidation Issue Price will be approximately S$0.1326 ("**Adjusted Pre-Consolidation Issue Price**").

The historical price and volume charts for the Shares (based on the closing prices together with the number of Shares traded on a daily basis) for the period commencing from 21 January 2015 (being the Market Day 12 month prior to the MOU Announcement Date) and ending on the Latest Practicable Date is set out below:–



Source: *SGX-ST*

Note:

(1) NAV/Share for the Company is derived from the monthly valuation assets announced by the Company. For the period commencing from 24 January 2017 to 28 February 2017, the Company's NAV/Share has been adjusted with the Cash Distribution of S$0.095 per Share.

For the period commencing from 21 January 2015 and ending on 20 January 2016, being the MOU Announcement Date (both dates inclusive), we note that the Shares were only traded for 157 Market Days out of a total 249 Market Days during the period (or approximately 63.1%) and the closing prices of the Shares were above the Adjusted Pre-Consolidation Issue Price on 186 Market Days and below the Adjusted Pre-Consolidation Issue Price on 63 Market Days out of the total 249 Market Days.

For the period commencing from 21 January 2016 (being the Market Day immediately after the MOU Announcement Date) till 23 January 2017, being the Cum Date, we note that the Shares were only traded for 131 Market Days out of a total 254 Market Days during the period (or approximately 51.6%) and the closing prices of the Shares were above the Adjusted Pre-Consolidation Issue Price on 92 Market Days, in line with the Adjusted Pre-Consolidation Issue Price on 70 Market Days and below the Adjusted Pre-Consolidation Issue Price on 92 Market Days out of the total 254 Market Days.

For the period commencing from 24 January 2017 (being the Market Day immediately after the Cum Date) till the Latest Practicable Date, we note that the Shares were only traded for 73 Market Days out of a total 201 Market Days during the period (or approximately 36.3%) and the closing prices of the Shares were always higher than the Pre-Consolidation Issue Price on 201 Market Days.

As a general market comparison and observation, the FTSE Straits Times Catalist Index ("**FTSI ST Catalist**") decreased by approximately 39.1% for the period commencing from 21 January 2015 and ending on 20 January 2016, being the MOU Announcement Date, and subsequently increased by approximately 8.6% from 20 January 2016 to the Latest Practicable Date. For the same period commencing from 21 January 2015 and ending on 20 January 2016, being the MOU Announcement Date, the prices for the Shares decreased by approximately 37.5% and subsequently decreased by approximately 71.9% from 20 January 2016 to the Latest Practicable Date. We observed that the Shares appear to have outperformed the FTSE ST Catalist for the 12 months period prior to and including the MOU Announcement Date and underperformed for the period commencing from 20 January 2016 to the Latest Practicable Date. Independent Shareholders should note the sharp decline in the prices for the Shares after the MOU Announcement Date was attributable to the Capital Reduction, whereby the closing

prices for the Shares declined by approximately 62.9% from S$0.143 as at 23 January 2017 to S$0.053 as at 24 January 2017.

We further note that the market prices for the Shares have generally moved in tandem with the Company's NAV per Share which is likely in view of the cash company status. For the 1 year period prior to the MOU Announcement Date, the closing prices for the Shares were on average at a premium of 7.9% over the Company's NAV per Share. For the period commencing from 21 January 2016 (being the Market Day immediately after the MOU Announcement Date) till the Latest Practicable Date, the closing prices for the Shares were on average at a premium of 59.4% over the Company's NAV per Share. As at 6 November 2017, being the last Trading Day preceding the Latest Practicable Date, the closing price for the Shares was S$0.038 representing a premium of approximately 123.0% over the Company's NAV per Share. The higher average premium implied by the closing prices for the Shares over the Company's NAV per Share for the period after the MOU Announcement Date may be supported by the Proposed Acquisition.

The above chart and the analysis below is presented for illustrative purposes only, and they are by no means representative of the future trading performance or prices of the Shares.

The volume-weighted closing price ("**VWCP**"), the highest and lowest transacted prices and trading volume for the Shares from 21 January 2015 to the Latest Practicable Date are set out below:–

	VWCP per Share (S$)[1]	(Discount) /Premium of the Pre-Consolidation Issue Price or the Adjusted Pre-Consolidation Issue Price from/over VWCP per Share (%)	Lowest transacted price (S$)	Highest transacted price (S$)	Average daily trading volume[2] ('000 Shares)	Average daily trading volume as % of free-float[3] (%)
For the period prior to and including the MOU Announcement Date (20 January 2016)						
Last 12 months	0.225	(41.0)%	0.101	0.300	109	0.19%
Last 6 months	0.132	0.1%	0.101	0.184	25	0.04%
Last 3 months	0.124	7.1%	0.101	0.133	24	0.04%
Last 1 month	0.126	5.2%	0.107	0.128	13	0.02%
Last transacted price on 20 January 2016 (being the MOU Announcement Date)[4]	0.125	6.1%	0.125	0.128	2	0.004%
For the period after the MOU Announcement Date up to and including the Cum Date (23 January 2017)						
Till the Cum Date	0.161	(17.4)%	0.106	0.196	289	0.51%
For the period after the Cum Date up to the Latest Practicable Date (10 November 2017)						
Till the Latest Practicable Date	0.049	(22.8)%	0.034	0.075	42	0.07%
Last transacted price on 6 November 2017 (being the last Trading Day immediately preceding the Latest Practicable Date)[5]	0.038	(1.1)%	0.038	0.038	20	0.04%

***Source**: SGX-ST*

Notes:

(1) The VWCP had been weighted based on the last transacted prices of the Shares and traded volumes for the relevant trading days for each of the periods.

(2) The average daily trading volume of the Shares is calculated based on the total number of Shares traded during the period divided by the number of Market Days during that period.

(3) Free float refers to approximately 56,343,266 Shares or approximately 18.41% of the issued Shares held by Shareholders, other than the Substantial Shareholders and Directors as at the Latest Practicable Date.

(4) This represents the last transacted price instead of VWCP for the Shares on 20 January 2016, being the MOU Announcement Date.

(5) This represents the last transacted price instead of VWCP for the Shares on 6 November 2017, being the last Trading Day immediately preceding the Latest Practicable Date. The Shares were not traded on the Latest Practicable Date.

Based on a general observation of the chart above and after taking into account the summary of the transacted prices for the Shares, we note the following:

(i) The Adjusted Pre-Consolidation Issue Price represents a premium of approximately 6.1% over the last transacted price for the Shares on the MOU Announcement Date;

(ii) The Adjusted Pre-Consolidation Issue Price represents a discount of approximately 41.0% from the VWCP for the Shares for the period 12-month and a premium of approximately 0.1%, 7.1% and 5.2% over the VWCP for the Shares for the period 6-month, 3 month and 1 month prior to and including the MOU Announcement Date;

(iii) The Adjusted Pre-Consolidation Issue Price represents a discount of approximately 17.4% from the VWCP for the Shares for the period commencing after the MOU Announcement Date and ending on the Cum Date;

(iv) The Pre-Consolidation Issue Price represents a discount of approximately 22.8% from the VWCP for the Shares for the period commencing after the Cum Date and ending on the Latest Practicable Date; and

(v) The Pre-Consolidation Issue Price represents a discount of approximately 1.1% from the last transacted price of S$0.038 per Share on the Catalist on 6 November 2017, being the last Trading Day immediately preceding the Latest Practicable Date.

For illustrative purpose only, based on the number of Shares traded on a daily basis during the period commencing from 21 January 2015 and ending on the Latest Practicable Date, we note that:–

(i) from 21 January 2015 to 20 January 2016, being the MOU Announcement Date (both dates inclusive), Shares were traded on 157 Trading Days out of the total 249 Market Days during the period, with the total number of Shares traded being approximately 27.0 million Shares and an average daily trading volume (based on a total of 249 Market Days) of approximately 0.1 million Shares, which represents approximately 0.04% of the issued Share capital as at the Latest Practicable Date or approximately 0.19% of the issued Share capital held by Shareholders other than the Substantial Shareholders and the Directors as at the Latest Practicable Date.

(ii) for the period commencing from 21 January 2016, being the Market Day immediately following the MOU Announcement Date till the Cum Date (both dates inclusive), Shares were traded on 131 Trading Days out of the total 254 Market Days during the period, with the total number of Shares traded being approximately 73.5 million Shares and an average daily trading volume of approximately 0.3 million Shares, which represents approximately 0.09% of the issued Share capital as at the Latest Practicable Date or approximately 0.51% of the issued Share capital held by Shareholders other than the Substantial Shareholders and the Directors as at the Latest Practicable Date.

(iii) for the period commencing from 24 January 2017, being the Market Day immediately following the Cum Date till the Latest Practicable Date (both dates inclusive), Shares were traded on 73 Trading Days out of the total 201 Market Days during the period, with the total number of Shares traded being approximately 8.4 million Shares and an average daily trading volume of approximately 42 thousand Shares, which represents approximately 0.01% of the issued Share capital as at the Latest Practicable Date or approximately 0.07% of the issued Share capital held by Shareholders other than the Substantial Shareholders and the Directors as at the Latest Practicable Date.

(iv) We note that the trading volume for the Shares was exceptionally high (whereby trading volume of the Shares exceeded 5 million) on the following dates: 25 October 2016 being the Market Day immediately after the SPA Announcement Date (approximately 26.3 million Shares), 26 October

2016 (approximately 9.6 million Shares) and 1 November 2016 (approximately 5.9 million Shares). In the event that the number of traded Shares for the above dates were excluded, the premium implied by the Adjusted Pre-Consolidation Issue Price over the VWCP for the Shares for the period after the MOU Announcement Date till the Latest Practicable Date would have been approximately 7.3%.

(v) We also note that the Share prices had increased significantly by approximately S$0.095 per Share (or 47.5%) between 20 January 2015 to 27 April 2015, which could have *inter alia*, be supported by the announcement of the Proposed Tong Da Acquisition and the proposed final dividend of S$0.09 per Share (tax-exempt one-tier) for FY2014. Subsequently, the Share prices declined by S$0.114 per Share (or approximately 38.6%) to approximately S$0.181 per Share on 11 May 2015. The Share prices continued to decline until the MOU Announcement Date and subsequently fluctuate in the regions between S$0.100 per Share and S$0.150 per Share. On 19 January 2017, the Company announced that the Cash Distribution (approved by Shareholders on 7 December 2016) had been effected, which was carried out by way of Capital Reduction. Subsequent to the last date and time of "cum" trading of Shares of 23 January 2017 at 5.00 p.m., the Shares declined by approximately S$0.090 (or 62.9%) to S$0.053 on 24 January 2017.

We note that trading for the Shares is erratic and appear to be relatively active in the context that the Shares were traded on 157 Trading Days out of the 249 Market Days during the 1 year period prior to and including the MOU Announcement Date. However, the daily average number of Shares traded commencing from the 21 January 2015 till the MOU Announcement Date is significantly low as compared to the number of issued Shares as at the Latest Practicable Date. It is generally accepted that the more actively traded the shares, the greater the reliance on market prices as a determination of the fair value of the shares between willing buyer and willing seller. In view of the low number of Shares traded on the daily basis, the historical prices for the Shares may not be a good indication of the fair value of the Shares.

We also note that the number of Shares that were traded on a daily basis for the period commencing on the MOU Announcement Date till the Latest Practicable Date is significantly higher than the number of Shares that were traded on a daily basis during period from the 12 months period prior to and including the Announcement Date.

The relatively weaker performance of the Shares as compared to the FTSE ST Catalist and the significant increase in the number of Shares traded after the MOU Announcement Date to the Latest Practicable Date may, *inter alia*, be a reflection of the completion of the Cash Distribution, the Proposed Acquisition as well as prospects or demand for the Shares after the Announcement Date.

Recommending Directors should note that there is no assurance that the average trading volume on a daily basis will be maintained or that the transacted prices for the Shares after the completion of the Proposed Acquisition (or if the Proposed Acquisition lapses) will be at the same levels prevailing during the period commencing after completion of the Cash Distribution and ending on the Latest Practicable Date.

(c) The Company's NAV and NTA analysis

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However the NAV approach does not take into account the hypothetical sale of assets in a non- orderly manner or over a short period of time. In addition, it does not illustrate the values at which assets may actually be realized or disposed of.

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities, minority interest and intangible assets of the company. The NTA based approach is meaningful as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (other than intangible assets) in an orderly manner over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group, with the balance to be distributed to its shareholders. However the NTA based approach does not take into account or consideration the presence of any intangible assets including but not limited to (where applicable) land use rights, goodwill, trademarks and brand names nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values of which assets may actually be realized or disposed of.

NAV and NTA of the Company

In assessing the Pre-Consolidation Issue Price of S$0.0376 for each Share, in relation to the NAV and NTA per Share of the Company as at 31 October 2017, we have reviewed the unaudited monthly valuation of assets and cash of the Company as at 31 October 2017 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach. Save as disclosed in this Letter, the Circular, the audited financial statements of the Company for FY2016, the unaudited financial statements of the Company for HY2017 and the monthly valuation of assets and utilisation of cash for the Company as at 31 October 2017 and public announcements of the Company, the Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in such unaudited statement of financial position as at 31 October 2017 in accordance with Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Company as at Latest Practicable Date.

The Directors have also confirmed that to the best of their knowledge as at the Latest Practicable Date, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of the Company as at 31 October 2017, save as disclosed in this Letter, the Circular, the audited financial statements for the Company for FY2016, the unaudited financial statements of the Company for HY2017 and the monthly valuation of assets and utilisation of cash for the Company as at 31 October 2017 and public announcements of the Company. In addition, the Directors are of the opinion that, to the best of their knowledge save as disclosed in this Letter, the Circular, the audited financial statements for the Company for FY2016, the unaudited financial statements of the Company for HY2017 and the monthly valuation of assets and utilisation of cash for the Company as at 31 October 2017 and public announcements of the Company, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Company as disclosed and reflected in the unaudited financial statements of the Company as at 31 October 2017 are true and fair. Lastly, the Directors confirmed that, to the best of their knowledge, such information is true, complete and

accurate in all respects and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete or misleading in any respect.

Unaudited monthly valuation of assets and cash as at 31 October 2017[(1)]	**S$ '000**
Non-current assets	
Motor vehicle	209
	209
Current assets	
Amount held in escrow account	1,627
Fixed deposits	2,975
Bank balances	728
Prepayments and other receivables	20
	5,350
Current liabilities	
Accruals for Director's fees and professional fees	345
	345
Non-Current Liabilities	
Deferred tax liabilities	-
	-
NAV attributable to Shareholders of the Company	**5,214**
Less: Intangible assets	-
NTA as at 31 October 2017	**5,214**
NAV and/or NTA per Share (S$)[(2)]	**0.0170**
Pre-Consolidation Issue Price (S$)	**0.0376**
Premium of Pre-Consolidation Issue Price over NAV and/or NTA per Share	**120.5%**

Notes:

(1) The figures above are based on the Company's unaudited monthly valuation of assets and cash for 31 October 2017. Figures and computations above are subject to rounding.

(2) Figures are computed based on the Company's issued Share capital of 305,982,583 Shares as at the Latest Practicable Date.

For illustrative purposes only, the Pre-Consolidation Issue Price represents a premium of approximately 120.5% over the Company's NAV and/or NTA per Share, as at 31 October 2017. The premium implied by the Pre-Consolidation Issue Price over the Company's NAV and/or NTA per Share is higher and more favourable than the average premium of approximately 7.9% implied by the closing prices for the Shares over the Company's NAV per Share for the 1 year period prior to the MOU Announcement Date (please refer to Section 5.2 (b) of this Letter.

We note that as at 31 October 2017, cash and cash equivalents (excluding amount held under escrow account) amounted to approximately S$3.7 million (or approximately 71.0% of total assets). We also note that approximately S$1.6 million is held in an escrow account and cannot be drawn down until the completion of the acquisition of a business which is able to satisfy the SGX-ST's requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by shareholders and pro-rata distributions to shareholders pursuant to Rule 1017(1)(a) of the Catalist Rules.

We note that pursuant to the RTO SPA, the Company has agreed to retain cash balance of S$5.0 million ("**Cash Balance**"). On the assumption that the Company will only retain Cash Balance of S$5.0 million (with no other assets and liabilities) in its books as at the Completion, the NAV and NTA per Share would be approximately S$0.0163 ("**Cash Balance NAV and NTA per Share**") and the Pre-consolidation Issue Price represents a premium of approximately 129.9% over the Cash Balance NAV and NTA per Share and this is higher and more favourable than the average premium of approximately 7.9% implied by the

closing prices for the Shares over the Company's NAV per Share for the 1 year period prior to the MOU Announcement Date (please refer to Section 5.2 (b) of this Letter).

The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Company is as stated above. It also does not imply that the assets or properties of the Company can be disposed of at the estimated values indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated is realisable or distributable to Shareholders.

It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time and is only relevant in the event that the Company decides to change the nature of its business or to release or convert the uses of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Company as a going concern nor can it capture or illustrate any value for the Company's goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realized or disposed.

(d) Comparison with precedent reverse takeover transactions

In our assessment of the reasonableness of the Pre-Consolidation Issue Price as compared to the last traded price of the Shares prior to the MOU Announcement Date and the NTA of the Company as well as the impact on the dilution arising from the number of Consideration Shares to be issued for the Proposed Acquisition, we have considered the details of other selected completed reverse takeover ("**Selected RTO Transactions**") transactions that involved SGX-ST listed companies ("**Selected RTO Companies**"), and issuance of their shares. Shareholders should note that most of these Selected RTO Transactions are more than one year old since their respective completion dates, and as such references or observation made herein is necessary limited.

Selected RTO Companies	Target Companies	Announcement date	No. of shares issued	Percentage of new share to existing shares (%)	Adjusted Issue price (S$)	Price on last traded market day before announcement date (S$)	Premium/(Discount) of issue price over last price traded on market day prior to announcement date (%)	Issue Price/ NTA(for the Group) (times)
R H Energy Ltd[1]	Chiwayland Group (Singapore) Pte. Ltd.	25-Jan-13	549,275,362	578.3%	0.230	0.143	60.8%	1.8
Pteris Global Limited	Shenzhen CIMC-Tianda Airport Support Ltd	6-Feb-13	1,427,331,774	260.0%	0.130	0.123	5.7%	1.0[2]
NH Ceramics Ltd	BlackGold Asia Resources Pte.Ltd. and BlackGold Energy Limited	28-Mar-13	635,593,220	947.0%	0.059	0.049	20.4%	195.7[3]
W Corporation Limited	YuuZoo Corporation Limited	15-Apr-13	515,880,000	889.4%	0.100	0.064	56.3%	n.m. [4]
United Fiber System Limited	PT Golden Energy Mines Tbk	5-Jun-13	98,916,371,793	2,559.8%	0.019	0.031	(38.7)%	n.m.[5]
Scorpio East Holdings Ltd	KOP Properties Pte. Ltd.	26-Aug-13	714,285,714	775.7%	0.105	0.091	15.4%	1.1[6]
Top Global Limited	PT. Suryamas Dutamakmur, Tbk.	10-Dec-13	19,000,000,000	166.4%	0.008	0.007	(11.1)%	0.7[7]
Hisaka Holdings Limited	Regal International Holdings Pte. Ltd.	20-Dec-13	130,000,000	222.4%	0.275	0.195	41.0%	1.1[8]
HanKore Environment Tech Group Limited	China Everbright Water Investments Limited	30-Dec-13	1,940,269,305	381.1%	0.625	0.800	(21.9)%	1.3[9]
Swissco Holdings Limited	Scott and English Energy Pte. Ltd.	28-Feb-14	452,380,952	206.9%	0.315	0.375	(16.0)%	1.0
St James Holdings Ltd	Perennial Real Estate Holdings Limited	14-Mar-14	798,686,838	10,430.2%	0.027	0.054	(50.5)%	9.5[10]
MYP Limited	Grace Shine Pte. Ltd. and Affreton Pte. Ltd.	20-May-14	854,653,577	441.7%	0.022	0.020	10.0%	1.0[11]
Sky One Holdings Limited	Energy Prima Pte. Ltd.	1-Jul-14	1,325,000,000	414.1%	0.200	0.124	63.9%	22.0[12]
E2Capital Holdings Limited	Astaka Padu Limited	17-Sep-14	1,597,611,048	1,711.7%	0.089	0.071	25.8%	12.6[13]
Brooke Asia Limited	China Star Food Holdings Pte. Ltd.	5-Nov-14	840,000,000	1566.1%	0.200	0.146	37.0%	2.6[14]
EMS Energy Limited	Windale Holdings Limited	24-Apr-15	344,155,420	329.1%	0.023	0.022	4.5%	1.3[15]

Selected RTO Companies	Target Companies	Announcement date	No. of shares issued	Percentage of new share to existing shares (%)	Adjusted Issue price (S$)	Price on last traded market day before announcement date (S$)	Premium/(Discount) of issue price over last price traded on market day prior to announcement date (%)	Issue Price/ NTA(for the Group) (times)
VGO Corporation Limited *(now known as Hatten Land Limited)*	Sky Win Management Consultancy Pte. Ltd.	6-Jun-16	1,187,692,308	1,285.5%	0.325	0.128	153.9%	13.1(16)
LH Group Limited	Pacific Star Development Pte Ltd	20-May-16	132,500,000	882.6%	0.800	0.570	40.4%	0.6(17)
Terratech Group Limited	Altimate Ventures Limited, Rise Expedition Global Limited and First Star Ventures	9-Jun-16	1,071,428,569	627.0%	0.070	0.051	37.3	6.1(18)
MAXIMUM				**10,430.2%**			**153.9%**	**195.7**
MINIMUM				**166.4%**			**(50.5)%**	**0.6**
MEDIAN (excluding NH Ceramics Ltd)				**602.7%**			**20.6%**	**1.3(19)**
SIMPLE AVERAGE (excluding NH Ceramics Ltd)				**1,318.2%**			**23.0%**	**4.8(19)**
Company	**Memories Group**	**20-Jan-16(20)**	**1,854,979,455**	**606.2%**	**0.1326**	**0.125**	**6.1%**	**2.2 - 2.3(21)**

Source: *Circulars and announcements of the respective Selected RTO Transactions*

Notes:

(1) Based on the issue price on a pre-share consolidation basis of S$0.23 and the NTA backing per share (in cash) of S$0.126, as the company will effectively en-cash its existing business for S$36 million via a proposed disposal.
(2) Based on the unaudited NTA of the group as at 31 March 2014.
(3) Based on the adjusted NTA per share of the group assuming the completion of the selective capital reduction exercise.
(4) Based on issue price on a pre-share consolidation basis of S$0.100. Issue price over NTA is not meaningful as company was in a net liabilities position as at 30 June 2013.
(5) Based on the maximum net tangible liabilities requirement of US$77 million, hence issue price over NTA is not meaningful.
(6) Based on the issue price on a pre-share consolidation basis of S$0.105 and the revalued NTA of the group as at 31 October 2013.
(7) Based on the unaudited NTA of the group as at 31 March 2014.
(8) Based on the unaudited NTA of the group as at 30 June 2014.
(9) Based on the restated NTA of the group as at 31 December 2013 before the framework agreement announcement.
(10) Based on the unaudited NTA of the group as at 30 June 2014.
(11) Based on the NTA per share of the group of S$0.23.
(12) Based on the issue price of S$0.20 and the audited NTA of the group as at 31 March 2014.
(13) Based on the indicative net asset value of the group as at completion.
(14) Based on the unaudited NTA per share of the group as at 31 May 2015.
(15) Based on the NTA per share of the group as at 31 December 2014.
(16) Based on the en-cashed NTA per share of S$0.0249.
(17) Based on the unaudited NTA per share of the group as at 30 September 2016.
(18) Based on the pre-consolidation issue price and the group's unaudited NTA as at 31 December 2016
(19) Excluding issue price/NTA of NH Ceramics Ltd as it is deemed as outlier.
(20) Based on the MOU Announcement Date.
(21) Based on the Company's NTA per Share as at 31 October 2017 and Cash Balance NTA per Share.

For illustrative purpose only, we note from the above table that the number of Consideration Shares to be issued pursuant to the Proposed Acquisition as a percentage of the existing Share capital is approximately 606.2% and this is within the range, higher than the median but lower than the simple average (after excluding NH Ceramics Ltd) for the Selected RTO Transactions.

In addition, the Adjusted Pre-Consolidation Issue Price represents a premium of approximately 6.1% over the last transacted prices for the Shares on the MOU Announcement Date, and this is within the range but lower than both the median and simple average of the Selected RTO Transactions (excluding NH Ceramics).

We note that the Pre-Consolidation Issue Price is approximately 2.2 to 2.3 times of the Company's NTA per Share as at 31 October 2017 and Cash Balance NTA per Share respectively and this is within the range, higher than the median, but lower than the simple average (excluding NH Ceramics Ltd) for the Selected RTO Transactions.

We wish to highlight that the level of premium (if any) an acquirer would normally pay for acquiring a listed company through a reverse takeover/very substantial acquisition varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired by the listed company, the synergies to be gained by the acquirer from integrating the target company's business with the existing business of the listed company, the possibility of a significant appraisal of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of listed company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company or the extent of control the existing substantial or controlling shareholders have on the listed company, relative or perceived motivation to sell/buy and current market expectation as well as general economic and business risks.

We wish to highlight that the list of companies and Selected RTO Transactions listed above are not directly comparable to the Company or Memories Group in terms of size, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, future prospects and other relevant criteria. Each of the Selected RTO Transactions must be judged on its own commercial and financial merits. Furthermore, the list of Selected RTO Transactions is by no means exhaustive and information relating to the successful RTO Transactions was compiled from public available information. Therefore, any comparison with the Selected RTO Transactions is for illustrative purpose only and merely serves as a guide to illustrate the relative premiums or discounts for the transactions. Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Company or Memories Group.

(e) Comparison with Proposed Tong Da Acquisition

We note that on 27 March 2015, the Company announced that it had on 26 March 2015 entered into a non-binding memorandum of understanding ("**2015 MOU**") with several parties ("**Tong Da Vendors**") for the Proposed Tong Da Acquisition at a purchase consideration of approximately S$120 million, with an implied issue price of approximately S$0.0686 (computed based on the assumption that all the vendors will hold approximately 85.11% of the enlarged share capital after the issuance and allotment of the consideration shares) ("**2015 Issue Price**").

The Company had subsequently on 29 April 2015 and 15 May 2015 announced that it is still in the midst of negotiations with Tong Da Vendors in relation to, *inter alia*, the terms of the definitive agreement. The Company had requested Tong Da Vendors and Tong Da Vendors have confirmed to extend the long-stop date to 15 May 2015 and 29 May 2015 respectively.

On 2 June 2015, the Company announced that it had on 29 May 2015 entered into a sale and purchase agreement ("**Tong Da SPA**") with the Tong Da Vendors, which was supplemented by a supplemental agreement on 21 July 2015 with the Tong Da Vendors to vary certain terms of the Tong Da SPA.

On 2 November 2015, the Company announced that the Tong Da SPA for the Proposed Tong Da Acquisition was terminated with effect from 31 October 2015.

Despite the termination of the Proposed Tong Da Acquisition, we tabulate below the comparison between the Proposed Tong Da Acquisition and the Proposed Acquisition for illustrative purpose only:

Transactions	Date of announcement	Issue price/Pre-Consolidation issue price (S$)	Discount from the last transacted price prior to announcement (%)	P/NAV (times)
Proposed Tong Da Acquisition	27-Mar-15	0.0686	(72.0)%	0.3[(1)]
Proposed Acquisition	20-Jan-16[(2)]	0.0376	(69.9)%	2.2 - 2.3[(3)]

Notes:

(1) Based on the Company's unaudited NAV for the full-year financial period ended 31 December 2014.

(2) Based on the MOU Announcement Date.

(3) Based on the Company's NTA per Share as at 31 October 2017 and Cash Balance NTA per Share.

For illustrative purpose only, we note the following:–

(i) In nominal terms, the 2015 Issue Price is approximately 82.6% higher than the Pre-Consolidation Issue Price of S$0.0376 per Consideration Share.

(ii) The valuation of the Company in terms of P/NAV (as implied by the 2015 Issue Price and the unaudited NAV for the full-year financial period ended 31 December 2014) of approximately 0.3 times is lower and less favourable than the P/NAV (as implied by the Pre-Consolidation Issue Price) of approximately 2.2 to 2.3 times of the Company's NTA per Share as at 31 October 2017 and Cash Balance NTA per Share respectively.

(iii) The 2015 Issue Price represents a discount of approximately 72.0% from the last transacted price for the Shares prior to the 2015 MOU announcement date whilst the Pre-Consolidation Issue Price represented a discount of approximately 69.9% from the last transacted price prior to the MOU Announcement Date. We also understand that for both the Proposed Tong Da Acquisition and the Proposed Acquisition, Directors have represented and confirmed that the respective issue price was determined based on the assumption the Cash Distribution had been effected. Hence, the comparison of the issue price against the last transacted prices prior to the respective announcement may not be meaningful.

In summary, we note that the Pre-Consolidation Issue Price is lower than the 2015 Issue Price in nominal terms and is at a discount of approximately 69.9% from the last transacted price for the Shares prior to the MOU Announcement Date, which is lower than the discount implied by the 2015 Issue Price from the last transacted price on the date of announcement of the 2015 MOU. In addition, the valuation of the Company in terms of P/NAV for the Proposed Acquisition is higher and more favourable than the valuation for the Company under the Proposed Tong Da Acquisition.

Shareholders should note that the Proposed Tong Da Acquisition was terminated and as the circumstances for the Proposed Tong Da Acquisition outlined above including but not limited to the business and market conditions as at the time of announcement of the 2015 MOU may be different from those for the Proposed Acquisition, the analysis is necessarily limited. Accordingly, any comparison between the Proposed Tong Da Acquisition and the Proposed Acquisition serves as an illustrative guide only.

5.3. Assessment of the Purchase Consideration

We note from the Circular that pursuant to the RTO SPA, the Purchase Consideration will be satisfied entirely by the issue and allotment to the Vendors of 264,997,065 Consideration Shares (after completion of the Proposed Share Consolidation) at the Issue Price of S$0.263 (after completion of the Proposed Share Consolidation).

In determining the "intrinsic value" of the Purchase Consideration, we have considered the following factors:-

(i) the Pre-Consolidation Issue Price represents a premium of approximately 120.5% over the Company's NAV or NTA per Share which we have assessed in conjunction with the "cash company" status for the Company;

(ii) the Company's NAV or NTA consist mainly of cash and cash equivalents (including the amount held under escrow of aproximately S$1.6 million) (approximately 102.2% of the Company's NAV or NTA as at 31 October 2017); and

(iii) the Company has agreed to retain Cash Balance of S$5.0 million as at Completion pursuant to the RTO SPA.

As such, for illustrative purpose only, we present the computation of the adjusted Purchase Consideration for the Proposed Acquisition taking into account factors highlighted above.

Number of Consideration Shares	**Issue Price**	**Intrinsic value**	**Remarks**
264,997,065 Consideration Shares	Pre-Consolidation approximately S$0.0163 (being the Company's Cash Balance NTA per Share) Post-Consolidation Approximately S$0.1144 per Post-Consolidation Share	S$30.3 million ("**Adjusted Minimum Purchase Consideration**")	Company has agreed to retain Cash Balance of S$5.0 million as at Completion pursuant to the RTO SPA.
264,997,065 Consideration Shares	Pre-Consolidation Approximately S$0.0170 (being the Company's NTA per Share) Post-Consolidation Approximately S$0.1193 per Post-Consolidation Share	S$31.6 million ("**Adjusted Purchase Consideration**")	Company's NAV or NTA as at 31 October 2017 mainly consist of cash and cash equivalents (approximately 102.2%).

In assessing the Purchase Consideration and/or the Adjusted Purchase Consideration for the Memories Group, we have considered the following factors:-

(a) Financial performance and position of the Memories Group

The Memories Group was formed by YSIL, FMI and EVL in TFY2018, for the purposes of consolidating the BOB Business, BL Business and PHL Business, HAL Business and DMC Business under a single vehicle, MM Myanmar which was incorporated on 23 December 2016.

The Memories Group is engaged in tourism-related businesses focused on Myanmar, predominantly in three (3) business segments: -

(a) Experiences Segment:

The Experiences Segment currently comprises the BOB Business, which is operating hot-air balloon flights in Bagan and the Inle Lake region. The Memories Group intends to develop additional tourist, cultural or leisure attractions and related services, including through the development of the BL Business.

(b) Services Segment:

The Services Segment currently comprises the DMC Business, specialising in the design and implementation of customised tours, events and travel logistics.

(c) Hotels Segment:

Under the Hotels Segment, the Memories Group owns and operates hotels and lodges under the PHL Business and HAL Business. The HAL Business has commenced operations since FY2015, while the Pun Hlaing Lodge under the PHL Business is currently under construction and is expected to be completed in FY2019.

The Memories Group operates an integrated tourism platform which allows it to cohesively brand and manage its products and services.

A summary of the unaudited pro forma consolidated financial information of the Memories Group for TFY2015, TFY2016, TFY2017, T3M2017 and T3M2018 are set out below:

Summary of statements of comprehensive income

Figures in US$'000[(1)]	Unaudited T3M2018	Unaudited T3M2017	Unaudited TFY2017	Unaudited TFY2016	Unaudited TFY2015
Revenue	578	380	11,571	10,572	10,303
Cost of sales	(431)	(341)	(6,701)	(6,258)	(6,082)
Gross profit	147	39	4,870	4,314	4,221
Other (loss)/income, net	(66)	(8)	144	267	(1)
Operating expenses	(858)	(640)	(3,479)	(2,864)	(2,720)
Profit before income tax	(777)	(609)	1,535	1,717	1,500
Profit after income tax	(760)	(592)	1,059	1,285	1,028

Summary of statements of financial position

Figures in US$'000[(1)]	Unaudited T3M2018	Unaudited TFY2017
Non-current assets	26,974	26,630
Current assets	8,732	9,639
Non-current liabilities	116	133
Current liabilities	3,128	3,231
Total borrowings	-	-
Shareholders' equity	32,462	32,905
Net working capital	5,604	6,408

Summary of statements of cash flows

Figures in US$'000[(1)]	Unaudited T3M2018	Unaudited T3M2017	Unaudited TFY2017	Unaudited TFY2016	Unaudited TFY2015
Net cash provided by operating activities	180	322	4,393	3,279	6,586
Net cash used in investing activities	(433)	(616)	(5,367)	(3,647)	(6,523)
Net cash provided by/(used in) financing activity	-	-	(479)	74	1,379
Net increase/(decrease) in cash and bank balances	(253)	(294)	(1,453)	(294)	1,442
Cash and bank balances end of financial year/period	483	1,864	699	2,157	2,452

Note:

(1) *The figures included herein and discrepancies between the listed and total amounts thereof are subject to rounding.*

We note the following:

(i) Increasing revenue for TFY2015 to TFY2017

The Memories Group recorded revenue of approximately US$10.3 million, US$10.6 million and US$11.6 million, US$0.4 million and US$0.6 million for TFY2015, TFY2016,TFY2017, T3M2017 and T3M2018 respectively. The Memories Group derives its revenue mainly from (i) the Experiences Segment (accounted for approximately 51.8% of its total revenue for TFY2017), which currently includes the revenue of the BOB Business; (ii) the Services Segment (accounted for approximately 42.9% of its total revenue for TFY2017), which includes the revenue from the DMC Business; and (iii) the Hotel Segment (accounted for approximately 5.3% of its total revenue for FY2017), which includes the revenue from the HAL Business.

The total revenue increased by approximately US$0.3 million or 2.6% from approximately US$10.3 million in TFY2015 to approximately US$10.6 million in TFY2016, which was mainly attributable to (i) a slight increase in the revenue of the Hotel Segment by approximately US$0.4 million from approximately US$0.1 million in TFY2015 to approximately US$0.5 million in TFY2016 mainly due to a full year operations of Hpa An Lodge in TFY2016 as compared to TFY2015 as it officially commenced operation only in November 2014; and (ii) an increase in the revenue of the Experiences Segment by approximately US$0.03 million in TFY2016 mainly due to an increase in number of passengers for the hot-air balloon flights. The increase was partially offset by a slight decrease in revenue of the Services Segment by approximately US$0.1 million from approximately US$4.5 million in TFY2015 to approximately US$4.4 million in TFY2016.

The total revenue increased by approximately US$1.0 million or 9.4% from approximately US$10.6 million in TFY2016 to approximately US$11.6 million in TFY2017. The increase in revenue was mainly attributable to (i) an increase in the revenue of the Services Segment by approximately US$0.5 million from approximately US$4.5 million in TFY2016 to approximately US$5.0 million in TFY2017 mainly due to increase in revenue for Inbound segment as a result of increases in corporate incentive trips and MICE; (ii) an increase in the revenue of the Experiences Segment by approximately US$0.3 million from approximately US$5.7 million in TFY2016 to approximately US$6.0 million in TFY2017 mainly due to an increase in number of passengers for the hot-air balloon flights; and (iii) an increase in the revenue of the Hotel Segment by approximately US$0.1 million from approximately US$0.5 million in TFY2016 to approximately US$0.6 million in TFY2017 mainly due to an increase in occupancy rate as a result of promotion and marketing activities during the financial year.

The total revenue increased by approximately US$0.2 million or 52.1% from approximately US$0.4 million in T3M2017 to approximately US$0.6 million in T3M2018. The increase in revenue was mainly attributable to an increase in revenue from the Memories Group's Services Segment by approximately US$0.2 million from approximately US$0.3 million in T3M2017 to

approximately US$0.5 million in T3M2018. This increase was mainly due to an increase in Inbound Segment revenue at AHTT as a result of an increased number of customers.

(ii) Relatively stable gross profit margins for TFY2015 to TFY2017

Cost of sales for the Memories Group were approximately US$6.1 million, US$6.3 million, US$6.7 million, US$0.3 million and US$0.4 million for TFY2015, TFY2016, TFY2017, T3M2017 and T3M2018 respectively. Accordingly, the Memories Group recorded gross profit of approximately US$4.2 million, US$4.3 million, US$4.9 million, US$0.3 million and US$0.4 million for TFY2015, TFY2016, TFY2017, T3M2017 and T3M2018 respectively.

The cost of sales increased by approximately US$0.2 million or 2.9% from approximately US$6.1 million in TFY2015 to approximately US$6.3 million in TFY2016. This increase was mainly attributable to (i) an increase in the cost of sales by approximately US$0.1 million of the Experiences Segment from approximately US$2.6 million to approximately US$2.7 million mainly due to an increase in the salaries and related costs for the hot-air balloons pilots; and (ii) an increase in the cost of sales of the Hotels Segment by approximately US$0.3 million from approximately US$0.1 million to approximately US$0.4 million mainly due to an increase in staff costs, depreciation and F&B expenses. The increase was partially offset by the decrease in the cost of sales of the Services Segment by approximately US$0.3 million from approximately US$3.4 million to approximately US$3.1 million which is in line with the decrease in revenue.

The cost of sales increased by approximately US$0.4 million or 7.1% from approximately US$6.3 million in TFY2016 to approximately US$6.7 million in TFY2017. This increase was mainly attributable to (i) an increase in the cost of sales by approximately US$0.5 million of the Services Segment from approximately US$3.1 million to approximately US$3.6 million in TFY2017 mainly due to an increase in the expenses relating to hotels, tour expenses, airfare and F&B which is in line with the increase in revenue; and (ii) an increase in the cost of sales of the Hotels Segment by approximately US$0.2 million from approximately US$0.4 million in TFY2016 to approximately US$0.6 million in TFY2017 due to an increase in staff costs, depreciation and F&B expenses. The increase was partially offset by the decrease in the cost of sales of the Memories Group's Experiences Segment by approximately US$0.2 million from approximately US$2.5 million in TFY2016 to approximately US$2.3 million in TFY2017 mainly due to the decrease in salaries and related costs for the hot-air balloons pilots and commission and taxes paid to government authorities.

The cost of sales increased by approximately US$0.1 million or 26.4% from approximately US$0.3 million in T3M2017 to approximately US$0.4 million in T3M2018. This increase was mainly attributable to an increase in cost of sales in the Memories Group's Services Segment by approximately US$0.1 million from approximately US$0.2 million in T3M2017 to approximately US$0.3 million in T3M2018 mainly due to higher costs including airfare, transportation, and other tour expenses for customers which was in line with the increase in revenue from the Services Segment.

The Memories Group recorded gross profit of approximately US$4.2 million, US$4.3 million, US$4.9 million, US$39 thousand and US$0.2 million with corresponding gross profit margins of approximately 41.0%, 40.8%, 42.1%, 10.3% and 25.4% for TFY2015, TFY2016, TFY2017, T3M2017 and T3M2018 respectively.

(iii) Rising operating expenses for TFY2015 to TFY2017

The Memories Group recorded total operating expenses (comprising administrative expenses and distribution and marketing expenses) of approximately US$2.7 million, US$2.9 million, US$3.5 million, US$0.6 million and US$0.9 million for TFY2015, TFY2016, TFY2017 and T3M2017 and T3M2018 respectively.

Administrative expenses

Administrative expenses increased by approximately US$0.2 million or 6.4% from approximately US$2.6 million in TFY2015 to approximately US$2.8 million in TFY2016, which was mainly

attributable to the increase in employee compensation in relation to the BOB Business, and an increase in depreciation and amortisation expenses and other administrative expenses.

Administrative expenses increased by approximately US$0.6 million or 21.6% from approximately US$2.8 million in TFY2016 to approximately US$3.4 million in TFY2017, which was mainly attributable to (i) higher employee compensation of approximately US$0.5 million for the Memories Group's management team; and (ii) higher depreciation and amortisation expenses of approximately US$0.1 million from the increase in property, plant and equipment ("**PPE**").

Administrative expenses increased by approximately US$0.2 million or 29.7% from approximately US$0.6 million in T3M2017 to approximately US$0.8 million in T3M2018. This increase was mainly attributable to an increase in employee compensation.

Sales and distribution expenses

Sales and distribution expenses decreased by approximately US$22 thousand or 19.6% from approximately US$112 thousand in TFY2015 to approximately US$90 thousand in TFY2016, which was mainly attributable to lower advertising expenses in relation to the BOB Business in TFY2016.

Sales and distribution expenses increased slightly by approximately US$16 thousand or 17.8% from approximately US$90 thousand in TFY2016 to approximately US$106 thousand in TFY2017 which was mainly attributable to higher marketing costs in relation to the DMC Business and the BOB Business.

Sales and distribution expenses increased slightly by approximately US$33 thousand or 183.3% from approximately US$18 thousand in T3M2017 to approximately US$51 thousand in T3M2018 which was mainly attributable to higher marketing expenses in relation to the BOB Business and the DMC Business.

(iv) The Memories Group recorded other income (mainly attributable to currency translation gains in relation to the BOB Business) of approximately US$0.3 million and US$0.1 million in TFY2016 and TFY2017 respectively and recorded other loss (mainly attributable to currency translation loss in relation to the Services Segment) of approximately US$70 thousand in T3M2018.

(v) Slight decline in earnings and net profit margin in TFY2017

The Memories Group recorded profit after income tax of approximately US$1.0 million, US$1.3 million and US$1.1 million with corresponding net profit margin of approximately 10.0%, 12.2% and 9.2% in TFY2015, TFY2016 and TFY2017 respectively and recorded loss after income tax of approximately US$0.8 million in T3M2018.

(vi) Assets and liabilities

The Memories Group's total assets amounted to approximately US$35.7 million as at 30 June 2017. As at 30 June 2017, current assets amounted to approximately US$8.7 million (accounting for approximately 24.5% of total assets) and comprised: (a) development properties of approximately US$6.7 million (constituted 76.3% of total current assets) relate to the land cost and initial design cost in relation to the BL Land held under CIL; (b) trade and other receivables of approximately US$1.5 million (constituted 16.9% of total current assets); (c) cash and bank balances of approximately US$0.5 million (constituted 5.5% of total current assets); and (d) inventories of approximately US$0.1 million (constituted 1.2% of total current assets) comprising mainly consumables, merchandise and souvenirs in relation to the BOB Business and HAL Business. As at 30 June 2017, non-current assets amounted to approximately US$27.0 million (accounting for approximately 75.5% of total assets) and comprised: (a) PPE of approximately US$16.7 million (constituted 62.0% of total non-current assets) comprised the leasehold land and buildings and landscaping of the HAL Business, land and construction-in-progress relating to PHL, hot-air balloons and equipment of the BOB Business; and (b) intangible assets of approximately US$10.2 million (constituted 38.0% of total non-current assets) comprised mainly goodwill of approximately US$9.7 million arising in excess of the purchase consideration for the

DMC Business and approximately US$0.5 million in excess purchase consideration for HAL Business.

The Memories Group's total liabilities amounted to approximately US$3.2 million as at 30 June 2017. As at 30 June 2017, current liabilities amounted to approximately US$3.1 million (accounting for approximately 96.4% of total liabilities) and comprised: (a) trade and other payables amounted to US$2.3 million (or 74.2% of total current liabilities) comprised mainly payables to subcontractors in relation to the construction of PHL and suppliers of the DMC Business and (b) current income tax liabilities amounted to US$0.8 million (or 25.8% of total current liabilities) which relates to current income tax payables for the Myanmar statutory corporate tax in relation to the BOB Business and DMC Business.

(vii) Positive net cash flow from operating activities and positive net working capital

The Memories Group's recorded positive net cash flow from operating activities of approximately US$6.6 million, US$3.3 million, US$4.4 million and US$0.2 million in TFY2015, TFY2016, TFY2017 and T3M2018 respectively. We also note that the net working capital was positive, amounted to approximately US$5.6 million as at 30 June 2017. The shareholders equity of the Memories Group was approximately US$32.5 million as at 30 June 2017 which comprised mainly approximately US$50.4 million of issued share capital and approximately US$1.7 million of retained earnings, which was partially offset by the capital restructuring reserve of approximately US$19.7 million.

(viii) Sufficiency of working capital

The Memories Group Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from the Memories Group operations and the existing cash and cash equivalents, the working capital available to them as at the date of lodgement of the Circular is sufficient for present requirements and for at least 12 months after Completion.

The Memories Group Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the unaudited financial statements for the Memories Group for T3M2018, there has been no material changes to the Memories Group's business, assets and liabilities, financial position, condition and performance.

(b) NAV and NTA of the Memories Group

For the brief description of the NAV and NTA based approach, please refer to Section 5.3(c) of this Letter.

In assessing the Purchase Consideration, in relation to the NAV and NTA per Share of the Memories Group as at 30 June 2017, we have reviewed the unaudited pro forma consolidated statement of financial position of the Memories Group as at 30 June 2017 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach. Save as disclosed in the unaudited pro forma consolidated statement of financial position of the Memories Group as at 30 June 2017 as well as the Circular, the Memories Group Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in such unaudited statement of financial position as at 30 June 2017 in accordance with Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Memories Group as at Latest Practicable Date.

The Memories Group Directors have also confirmed that as at the Latest Practicable Date, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of the Memories Group as at 30 June 2017, save as disclosed in the unaudited pro forma consolidated statement of financial position of the Memories Group as at 30 June 2017 and the Circular. In addition, the Memories Group Directors are of the opinion that save as disclosed in the Circular, the values of the assets (other than those for which

valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Memories Group as disclosed and reflected in the unaudited pro forma consolidated statement of financial position of the Memories Group as at 30 June 2017 are true and fair. Lastly, the Memories Group Directors confirmed that, to the best of their knowledge or belief, such information is true, complete and accurate in all respects and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete or misleading in any respect.

Unaudited pro forma consolidated statement of financial position of the Memories Group as at 30 June 2017 [(1)]	**US$'000**
Non-current assets	
Property, plant and equipment	16,727
Intangible assets	10,247
	26,974
Current assets	
Cash and bank balances	483
Trade and other receivables	1,478
Inventories	105
Development properties	6,666
	8,732
Current liabilities	
Trade and other payables	2,320
Current income tax liabilities	808
	3,128
Non-current liabilities	
Deferred income tax liabilities	116
	116
NAV of the Memories Group as at 30 June 2017	**32,462**
Less: intangible assets	10,247
NTA of the Memories Group as at 30 June 2017 (US$'000)	**22,215**
NAV of the Memories Group as at 30 June 2017 (S$'000) [(2)]	**44,152**
NTA of the Memories Group as at 30 June 2017 (S$'000) [(2)]	**30,215**

Notes:

(1) The figures above are based on the Memories Group's unaudited pro forma consolidated statement of financial position as at 30 June 2017. Figures and computations above are subject to rounding.

(2) Based on exchange rate of S$:US$ of approximately 1. 3601 as at the Latest Practicable Date.

The table below illustrates the respective premiums/discounts implied by the Purchase Consideration, the Adjusted Minimum Purchase Consideration and the Adjusted Purchase Consideration over/from the Memories Group's NAV or NTA as at 30 June 2017.

As at 30 June 2017	**Premium/(Discount) over/from the Memories Group's**	
	NAV as at 30 June 2017 (%)	**NTA as at 30 June 2017 (%)**
Purchase Consideration of approximately S$69.7 million	57.9	130.7
Adjusted Minimum Purchase Consideration of approximately S$30.3 million	(31.3)	0.3
Adjusted Purchase Consideration of approximately S$31.6 million	(28.4)	4.6

For illustrative purposes only, we note that:

(i) the Purchase Consideration represents a premium of approximately 57.9% and 130.7% over the Memories Group's NAV and NTA as at 30 June 2017 respectively;

(ii) the Adjusted Minimum Purchase Consideration represents a discount of approximately 31.3% from the Memories Group's NAV as at 30 June 2017 and a small premium of approximately 0.3% over the Memories Group's NTA as at 30 June 2017; and

(iii) the Adjusted Purchase Consideration represents a discount of approximately 28.4% from the Memories Group's NAV as at 30 June 2017 and a premium of approximately 4.6% over the Memories Group's NTA as at 30 June 2017.

Revalued NAV ("RNAV") and/or Revalued RNTA ("RNTA")

In our evaluation of the Purchase Consideration, we have also considered whether there are any assets which should be valued at an amount that is materially different from that which was recorded in the unaudited pro forma consolidated statement of financial position of the Memories Group as at 30 June 2017. The Company has commissioned the Independent Property Valuer to determine the market value of the Revalued Properties. We recommend that the Recommending Directors advise Shareholders to note and review carefully the contents of the Property Valuation Certificates (attached as Appendix Q to the Circular) in its entirety including the assumptions made and the basis for the assumptions.

We wish to highlight that the Revalued Properties of the Memories Group with a net book value of approximately US$21.1 million as at 30 June 2017, comprises:

(i) development property (relating to the land cost and initial design cost in relation to the BL Land) with a net book value of approximately US$6.7 million as at 30 June 2017;

(ii) leasehold land and buildings and landscaping of Hpa An Lodge with a net book value of approximately US$0.2 million and US$0.9 million respectively as at 30 June 2017; and

(iii) construction in progress and leasehold land relating to Pun Hlaing Lodge with a net book value of approximately US$10.7 million and US$2.6 million respectively as at 30 June 2017.

The Revalued Properties accounted for approximately 89.8% of the aggregate amount of the development properties and property, plant and equipment ("**PPE**") of the Memories Group, and approximately 58.8% of the total assets of the Memories Group as at 30 June 2017. The Memories Group Directors represented and confirmed that the remaining PPE (with a net book value of approximately US$1.7 million as at 30 June 2017), for which no valuation has been commissioned, consist of:

(a) hot air balloons and equipment (approximately US$1.0 million); and

(b) machinery and equipment, furniture and office equipment, and electrical equipment and motor vehicles (approximately US$0.7 million).

The Memories Group Directors further confirmed that, to their best knowledge and belief, as at the Latest Practicable Date, on aggregate basis, there are no material differences between the estimated market value of the remaining PPE highlighted above for which no valuation was obtained and their respective book value.

The Directors confirmed that they are aware of and satisfied with the selection of the Revalued Properties for the valuation exercise based on information and/or advice received in relation to the Memories Businesses and they are not otherwise aware of any reasons why they may be unable to rely on or be satisfied as to the selection of the Revalued Properties for the valuation exercise.

We have not made any independent evaluation or appraisal of the PPE and development properties and we have been furnished by the Company with the Property Valuation Certificates in respect of the market value of the Revalued Properties. With respect to such valuation, we are not experts in the evaluation or appraisal of the PPE and development properties and have relied on the Property Valuation Certificates for the market value of the Revalued Properties and opinion of and confirmation from the Memories Group Directors that, to their best knowledge and belief, as at the Latest Practicable Date, on aggregate basis, there are no material differences between the estimated market value of the remaining PPE highlighted above for which no valuation was obtained and their respective book value.

The Directors have confirmed that they have reviewed the Property Valuation Certificates to understand the assumptions and methodology used by the Independent Property Valuer in arriving at the market value range of the Revalued Properties and they are not otherwise aware of any reasons why they may be unable to rely on the assumptions and methodology of the Independent Property Valuer as being reasonable.

For illustrative purpose only, the revaluation surplus for the Revalued Properties has been calculated and presented in the table below assuming a hypothetical sale of the Revalued Properties at the value ascribed by the Independent Property Valuer above. The Memories Group Directors represented and confirmed that to the best of their knowledge and based on the information made available to them by the Memories Group Management, there will be no potential tax liability if the Revalued Properties which is subject to valuation were to be sold at the market value ascribed by the Independent Property Valuer.

RNAV and/or RNTA	**US$'000**
Market value of BL Land	8,500
Book value of BL Land	6,666
Revaluation surplus – (A)	**1,834**
Market value of Pun Hlaing Lodge on "As-Is" basis	17,310
Book value of Pun Hlaing Lodge	13,314
Revaluation surplus – (B)	**3,996**
Market value of Hpa An Lodge	2,400
Book value of Hpa An Lodge	1,032
Revaluation surplus – (C)	**1,368**
NAV and of the Memories Group as at 30 June 2017	**32,462**
Revaluation surplus (A) + (B) + (C)	7,198
RNAV (US$'000)	**39,660**
RNAV (S$'000)	**53,942**
NTA of the Memories Group as at 30 June 2017	22,215
Revaluation surplus (A) + (B) + (C)	7,198
RNTA (US$'000)	**29,413**
RNTA (S$'000)	**40,005**

As at 30 June 2017	**Premium/(discount) over/from the Memories Group's**	
	RNAV (%)	**RNTA (%)**
Purchase Consideration of approximately S$69.7 million	29.2	74.2
Adjusted Minimum Purchase Consideration of approximately S$30.3 million	(43.8)	(24.2)
Adjusted Purchase Consideration of approximately S$31.6 million	(41.4)	(21.0)

Based on the table above, we note that:

(i) the Purchase Consideration represents a premium of approximately 29.2% and 74.2% over the Memories Group's RNAV and RNTA respectively;

(ii) the Adjusted Minimum Purchase Consideration represents a discount of approximately 43.8% and 24.2% from the Memories Group's RNAV and RNTA respectively; and

(iii) the Adjusted Purchase Consideration represents a discount of approximately 41.4% and 21.0% from the Memories Group's RNAV and RNTA respectively.

We wish to highlight that although the RNAV and/or RNTA of the Memories Group shown above include revaluation surplus of the Revalued Properties, Independent Shareholders should note that the Memories Group have not realised the surplus on such assets as at the Latest Practicable Date, and that there is no assurance that the revaluation surplus eventually recorded by the Memories Group on the Revalued Properties as described above (in the event that the Revalued Properties are disposed) will be the same as that indicated above.

The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Memories Group is as stated above. It also does not imply that the assets or properties of the Memories Group can be disposed of at the value indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated for the respective types of NTA and is realisable or distributable to the shareholders of the Memories Group.

It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time and is only relevant in the event that the Memories Group decides to change the nature of its business or to release or convert the uses of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Memories Group as a going concern nor can it capture or illustrate any value for the Memories Group's goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realized or disposed of.

(c) Fair market value range of the Business Targets and the Properties (collectively, the "Targets")

We note from the Independent Valuation Summary Letter (as set out in Appendix B of the Circular) that the Independent Business Valuer has been engaged by the Company to provide an independent fair market value range of 100% interest (inclusive of equity and Economic Interests) in SLTG and 100% interest (inclusive of equity and Economic Interests) in AHTT ("**Business Targets**") and to assess the reasonableness of the market value range of PHL, HAL and BL Land ("**Properties**") as prepared by the Independent Property Valuer as at the Valuation Date.

As stated in the Independent Valuation Summary Letter, the Independent Business Valuer is of opinion that the fair market value of the Targets is in the range of US$49.45 million (or approximately S$69.09 million) to US$51.85 million (or approximately S$72.44 million) as at the Valuation Date, which:

(i) represents a discount of approximately 0.9% from and premium of approximately 3.9% over the Purchase Consideration respectively,

(ii) represents premiums of approximately 127.9% and 139.0% over the Adjusted Minimum Purchase Consideration respectively, and

(iii) represents premiums of approximately 118.5% and 129.1% over the Adjusted Purchase Consideration respectively.

In arriving at the fair market value, the Independent Business Valuer have adopted a sum-of-parts approach in determining the fair market value of the Targets, taking into consideration the fair market values of the Business Targets as determined by the Independent Business Valuer and the market values of the Properties as determined by the Independent Property Valuer.

Fair Market Value has been adopted as the standard of value for the Business Targets. Fair Market Value is generally defined as the amount at which an asset could be exchanged between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting in an arm's length transaction, in an open and unrestricted market.

Market Value has been adopted as the basis of value for the Properties. Market Value is generally defined as 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. According to the discussion with Independent Property Valuer, the concept of market value is consistent with that of fair market value.

Valuation of the Business Targets

The Independent Business Valuer have assessed the Fair Market Value of the Business Targets on a going concern basis as at 31 March 2017, by using the discounted cash flows methodology under the income approach. When using the discounted cash flows methodology under the income approach, the Independent Business Valuer have discounted the projected free cash flows from the Business Targets with an appropriate discount rate having considered, amongst all relevant risk factors, such as business sizes, business environment, stages of growth, riskiness of cash flows. The free cash flow of the Business Targets have been projected for the period commencing TFY2018 to TFY2026 with a terminal value attributed.

The Independent Business Valuer have also assessed the reasonableness of their valuation results by cross-checking the fair market value determined under the income approach with the market multiple methodology under the market approach.

The Independent Business Valuer's valuation is based on various assumptions with respect to the Business Targets, including their respective present and future financial condition, business strategies and the environment in which they will operate in the future. These assumptions are based on the information that they have been provided with and their discussions with or on behalf of the Memories Group Management, and reflect current expectations and views regarding future events, and therefore necessarily involve known and unknown risks and uncertainties.

Amongst other assumptions stated in the Independent Valuation Summary Letter, the Independent Business Valuer have highlighted several key assumptions as follows:

(1) The Business Targets will continue to operate on a going concern basis;

(2) All necessary licenses and regulatory approvals have been obtained and the Business Targets are assumed to be able to renew business licenses or leases with minimum costs before the expiry of such leases / licenses;

(3) There will be no significant change in the operations and business strategy of the Business Targets subsequent to the Valuation Date;

(4) The audited financial statements of the Business Targets as at 31 March 2017 provided by the Memories Group Management fairly reflect their respective financial positions as at the Valuation Date;

(5) The Business Targets have proper and good title to the equipment without any liens or encumbrances unless otherwise stated;

(6) The financial forecast and its underlying assumptions reflects the Memories Group Management's future business plans and is assumed not to contravene existing regulatory requirements as well as incorporating their expectation of the future regulations;

(7) The level of capital expenditure and net working capital projected in the financial forecast is assumed to be sufficient to meet the forecast growth;

(8) The taxes applicable to the Business Targets will be as projected in the forecast;

(9) The Business Targets will be able to obtain the requisite debt or equity funding from financial institutions, shareholders, or potential investors on a timely and commercially reasonable terms basis to meet its cash flow requirement;

(10) Save as disclosed in the Circular, the Business Targets has no material or significant contingent liabilities or uncertainty, including any litigation pending or threatened, as at the Valuation Date that warrants consideration in the forecast;

(11) There is no substantial commitment or uncertainty that has arisen subsequent to the Valuation Date, which is material to be considered in the forecast; and

(12) There are no adverse changes to the economic and real estate market conditions, as well as changes in regulatory, fiscal and other government policies in the countries in which the operations of the Business Targets are located.

Property

The Independent Property Valuer has assessed the Market Value of the Properties as at 31 March 2017 by using either the profit method or market comparison method.

The Independent Property Valuer has used the profit method to arrive at the market value of PHL and HAL. In applying the profit method, the Independent Property Valuer has assessed the Fair Maintainable Turnover ("**FMT**"), potential gross profit, Fair Maintainable Operating Profit ("**FMOP**") by taking into account the associated costs and allowances, which could be generated by a trade related property managed by a Reasonably Efficient Operator ("**REO**"). The FMOP is then capitalised at an appropriate rate of return reflecting the risk and rewards of the property and its trading potential to arrive at its market value, on assumption that there will be continuation of trade. For PHL, as it was still under construction as at the Valuation Date, the Independent Property Valuer has deducted the cost to complete and respective developer's profit in determining the market value of PHL.

For BL Land, the Independent Property Valuer adopted the Market Comparison Method to arrive at its market value. This method measures the value of a property by comparing recent sales or offerings of similar or substitute property.

In reviewing the work performed by the Independent Property Valuer, the Independent Business Valuer have held discussions with the Independent Property Valuer to understand their scope of work, reviewed the appropriateness of their valuation methodologies and sought to understand the key assumptions used by them. The Independent Business Valuer have also performed corroborative work to assess the reasonableness of the valuation range of the Revalued Properties determined by the Independent Property Valuer.

The Directors have confirmed that they had reviewed and discussed the Independent Valuation Summary Letter with the Independent Business Valuer to understand the assumptions, methodology used by the Independent Business Valuer in arriving at the fair market value range of the Business Targets and the reasonableness of the market value range of the Revalued Properties as at the Valuation Date, and they are not otherwise aware of any reasons why they may be unable to rely on or be satisfied as to the assumptions and methodology of the Independent Valuation Summary Letter are reasonable and appropriate.

We also wish to highlight that the above valuation is subject to and dependent on major assumptions, (as highlighted in the Independent Valuation Summary Letter) which have significant effect on the calculation of the fair market value range of the Targets under the sum-of-parts approach including *inter alia*: (1) the Targets respective present and future financial condition, business strategies and the environment in which they will operate in the future, (2) estimates of earnings and cash flow data, to the extent they relate to the future, reflect the expectations of the Memories Group Management as to the future prospects of the Targets and (3) risk factors.

Our scope does not require us and we have not made any independent evaluation or business valuation of the market value of the Targets (including without limitation, market value or economic potential). With respect to such valuation, we are not experts in the evaluation of market value of the Memories Group (including without limitation, market value or economic potential) and have relied on the opinion of the Memories Group Directors and the financial statements of the Memories Group (audited and unaudited), where applicable for the assessment.

(d) Relative valuation analysis

In our assessment of the valuation of the Purchase Consideration, we have considered the financial performance, financial position and valuation of selected listed companies that may, in our view, be broadly comparable to the core businesses of core businesses of the Memories Group, which are in the leisure attractions business ("**Selected Experiences Companies**"), travel agency related business ("**Selected Services Companies**"), and accommodation business ("**Selected Hotel Companies**") (collectively the "**Selected Comparable Companies**"). In view of the fact that all of the Memories Group's businesses are based in Myanmar, we have also considered the financial performance, financial position and valuation of selected listed companies with significant businesses interest in Myanmar ("**Selected Myanmar Companies**").

The Selected Comparable Companies and the Selected Myanmar Companies have been identified after a search was carried out on various exchanges, *inter alia*, SGX-ST, Shenzhen Stock Exchange ("**SZSE**"), Indonesian Stock Exchange ("**IDX**"), Philippines Stock Exchange ("**PSE**") and Yangon Stock Exchange ("**YSE**") and evaluation of the companies operating in the same industry as the Memories Group for the respective business segments. We have had discussions with the Directors and Management of the Group about the suitability and reasonableness of these Selected Comparable Companies acting as a basis for comparison with the core businesses of the Memories Group after taking into consideration, *inter alia*, the availability of financial data for comprehensive review, officially translated financial statements and the compliance with the International Financial Reporting Standards of companies listed on various exchanges in emerging markets. Relevant information has been extracted from the annual reports and/or public announcements of the Selected Comparable Companies and the Selected Myanmar Companies. Shareholders should note that the Selected Comparable Companies and the Selected Myanmar Companies may not be directly comparable to the Memories Group in terms of composition of business activities, scale of operations, asset base, clientele base, risk profile, geographical spread of activities and assets, track record, future prospects and other relevant criteria. Comparisons may also be affected, *inter alia*, by differences in their accounting policies.

We advise Recommending Directors to note that there may not be any company listed on any relevant stock exchange that is directly comparable to the Memories Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Selected Comparable Companies and the Selected Myanmar Companies as the businesses of the Selected Comparable Companies and the Selected Myanmar Companies, its capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of Memories Group may differ. In addition, the Memories Group is not listed, while the Selected Comparable Companies and the Selected Myanmar Companies are listed companies. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of Memories Group as at the Latest Practicable Date.

Recommending Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity and the market capitalisation or the relative sentiments of the market for the shares.

Selected Comparable Companies	Market capitalisation (S$ million)	Principal activities
Selected Experiences Companies		
Straco Corporation Limited ("**Straco**") *Listed on SGX-ST*	743.4	The company is principally engaged in the operation of aquatic-related facilities and tourist attractions, including sea mammal performances. Retail, food and beverage are auxiliary goods and services arising from the operation of the above facilities and operation of a circular giant observation structure, and provision of commercial space.
Emei Shan Tourism Company Limited ("**Emei Shan**") *Listed on SZSE*	1,123.4	The company is primarily involved in the sale of admission tickets of Mount Emei scenic area, the operation of passenger cableways, the operation of hotels and travel agencies, as well as the provision of other tourism related services. It operates mainly in the PRC.
Songcheng Performance Development Co.,Ltd, ("**Songcheng**") *Listed on SZSE*	6,238.5	The company is principally engaged in the investment, development and operation of theme parks and tourism cultural shows. The company is mainly engaged in the provision of live shows and Internet shows, as well as travel and leisure business and primarily operates Songcheng Park, Hangzhou Paradise and Lanpingguo Paradise, among others.
Selected Services Companies		
PT Bayu Buana Tbk ("**Bayu Buana**") *Listed on IDX*	44.3	The company is principally engaged in the business of arranging and selling tour packages, organizes and sells travel services for cruises as well as provides tour guiding and vehicle rental services.
PT Destinasi Tirta Nusantara Tbk ("**Destinasi Tirta**") *Listed on IDX*	94.4	The company is a destination management and tour operator company in Indonesia. It offers tour and travel packages, tour guides, and tour transportation related services to foreign tourists.
PT Panorama Sentrawisata Tbk ("**Panorama**") *Listed on IDX*	65.4	The company is principally engaged in the provision of travel services. It offers travel packages, ticket sales, hotel reservations, and hospitality services.
Waterfront Philippines, Incorporated ("**Waterfront**") *Listed on PSE*	60.9	The company is principally engaged in the hotel, leisure and tourism businesses and operates through its two wholly owned subsidiaries, namely, Waterfront Mactan Casino Hotel, Inc. and Waterfront Cebu City Casino Hotel, Inc.
Selected Hotel Companies		
PT Pudjiadi And Sons Tbk ("**Pudjiadi**") *Listed on IDX*	99.7	The company is principally engaged in the management of Jayakarta hotels and resorts. It also operates in the hotel properties related activities such as accommodations, office space, shopping malls, apartments, recreation places, and entertainment centers.
PT Hotel Mandarine Regency Tbk ("**Hotel Mandarine**") *Listed on IDX*	23.6	The company is principally engaged in the provision of hospitality services. It owns and operates hotel, namely Goodway Hotel, which is located in Batam, Indonesia.

Selected Comparable Companies	**Market capitalisation (S$ million)**	**Principal activities**
PT Hotel Sahid Jaya International Tbk ("**Hotel Sahid**") *Listed on IDX*	153.9	The company is principally engaged in the hotel and property businesses in Indonesia. It operates the Hotel Grand Sahid Jaya, a five-star hotel with rooms, conference rooms, restaurants, office spaces, a shopping arcade, swimming pools, and a tennis court; and rents apartments.
PT Bukit Uluwatu Villa Tbk ("**Bukit Uluwatu**") *Listed on IDX*	192.4	The company is principally engaged in the hotel and resort development industry and operates on the island of Bali.

Selected Myanmar Companies	**Market capitalisation (S$ million)**	**Principal activities**
Emerging Towns & Cities Singapore Ltd ("**Emerging Towns**") *Listed on SGX-ST*	76.0	The company is principally engaged in property development and property investment in both People's Republic of China and Myanmar
Yoma Strategic Holdings Ltd. ("**Yoma**") *Listed on SGX-ST*	930.1	The company is principally engaged in the real estate development, real estate services, automotive and heavy equipment, consumer and travel services in Myanmar.
Singapore Myanmar Investco Limited ("**Sing Myanmar**") *Listed on SGX-ST*	127.7	The company is principally engaged in travel and fashion retail, construction services, auto services and food and beverages in Myanmar.
First Myanmar Investment Co. Ltd. ("**FMI**") *Listed on YSE*	322.8	The company is a diversified conglomerate with investments in the financial services, real estate and healthcare sector.

Source: *Bloomberg, respective stock exchanges and companies' website*

The following tabulates the salient ratios for comparative financial performance and position for the Selected Comparable Companies:-

Selected Comparable Companies	LTM ROE [1] (%)	LTM net profit margin [2] (%)	LTM asset turnover[3] (times)	Total liabilities[4]/ shareholder equity[5] (times)	Total borrowings[6]/ shareholder equity[5] (times)
(A) Selected Experiences Companies					
Straco	20.7%	38.3%	0.4	0.4	0.2
Emei Shan	9.2%	18.4%	0.4	0.2	0.1
Songcheng	14.7%	35.3%	0.4	0.1	0.03
MAXIMUM	**20.7%**	**38.3%**	**0.4**	**0.4**	**0.2**
MINIMUM	**9.2%**	**18.4%**	**0.4**	**0.1**	**0.03**
MEDIAN	**14.7%**	**35.3%**	**0.4**	**0.2**	**0.1**
SIMPLE AVERAGE	**14.8%**	**30.7%**	**0.4**	**0.3**	**0.1**
(B) Selected Services Companies					
Bayu Buana	8.5%	1.8%	2.6	0.8	No borrowings
Destinasi Tirta	12.6%	33.8%	0.2	1.4	0.7
Panorama	0.7%	0.3%	0.8	1.9	0.1
Waterfront	5.0%	12.5%	0.2	0.6	0.1
MAXIMUM	**12.6%**	**33.8%**	**2.6**	**1.9**	**1.1**
MINIMUM	**0.7%**	**0.3%**	**0.2**	**0.6**	**0.1**
MEDIAN	**6.8%**	**7.2%**	**0.5**	**1.1**	**0.7**
SIMPLE AVERAGE	**6.7%**	**12.1%**	**0.9**	**1.2**	**0.6**
(C) Selected Hotel Companies					
Pudjiadi	0.7%	0.7%	0.4	1.0	0.6
Hotel Mandarine	0.4%	1.4%	0.2	0.3	0.1
Hotel Sahid	n.m. [7]	n.m. [7]	0.1	0.7	0.5
Bukit Uluwatu	n.m. [8]	n.m. [8]	0.1	1.0	0.8
MAXIMUM	**0.7%**	**1.4%**	**0.4**	**1.0**	**0.8**
MINIMUM	**0.4%**	**0.7%**	**0.1**	**0.3**	**0.1**
MEDIAN	**0.6%**	**1.0%**	**0.2**	**0.8**	**0.6**
SIMPLE AVERAGE	**0.6%**	**1.0%**	**0.2**	**0.7**	**0.5**
COMBINED (A) + (B) + (C)					
MAXIMUM	**20.7%**	**38.3%**	**2.6**	**1.9**	**1.1**
MINIMUM	**0.4%**	**0.3%**	**0.1**	**0.1**	**0.03**
MEDIAN	**8.5%**	**12.5%**	**0.4**	**0.7**	**0.4**
SIMPLE AVERAGE	**8.1%**	**15.8%**	**0.5**	**0.8**	**0.4**
Selected Myanmar Companies					
Emerging Towns	12.0%	7.8%	0.4	2.1	0.2
Yoma	4.9%	22.9%	0.1	0.6	0.3
Sing Myanmar	n.m.[9]	n.m.[9]	0.4	1.5	0.9
FMI	6.1%	7.5%	0.1	7.8	0.2
MAXIMUM	**12.0%**	**22.9%**	**0.4**	**7.8**	**0.9**
MINIMUM	**4.9%**	**7.5%**	**0.1**	**0.6**	**0.2**
MEDIAN	**6.1%**	**7.8%**	**0.3**	**1.8**	**0.3**
SIMPLE AVERAGE	**7.6%**	**12.8%**	**0.3**	**3.0**	**0.4**
Memories Group	**2.7%**	**7.6%**	**0.3**	**0.1**	**No borrowings**

***Source**: The latest annual reports and the announced unaudited financial statements of the respective companies.*

Notes:

*(1) The last twelve months ("**LTM**") return on equity ("**ROE**") is based on the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the consolidated equity holders excluding minority interest of the respective companies.*

(2) LTM net profit margin is the ratio of the most recent twelve months consolidated net profits after tax attributable to shareholders to the most twelve months total consolidated revenue of the respective companies.

(3) LTM asset turnover is the ratio of the most recent twelve months total consolidated revenue to the total consolidated assets of the respective companies.

(4) Total liabilities include all the liabilities of the respective companies but exclude any contingent liabilities, if any.

(5) Shareholders' equity is the consolidated shareholders' funds excluding minority interest of the respective companies.

(6) Total borrowings include all bank loans and borrowings as well as hire purchase obligations and interest bearing debts, where applicable.

(7) Hotel Sahid incurred loss after tax attributable to owners of approximately IDR10.5 billion for the LTM ended 30 September 2017. Hence, Hotel Sahid's LTM ROE and LTM net profit margin ratios are negative and not meaningful.

(8) Bukit Uluwatu incurred loss after tax attributable to equity holders of the parent of approximately IDR13.0 billion for the LTM ended 30 September 2017. Hence, Hotel Sahid's LTM ROE and LTM net profit margin ratios are negative and not meaningful.

(9) Sing Myanmar incurred a loss after tax attributable to equity holders of approximately US$7.1 million for the financial year ended 31 March 2017. Hence, Sing Myanmar's LTM ROE and LTM net profit margin ratios are negative and not meaningful.

For illustrative purposes only, we note the following:-

Comparison against the Selected Comparable Companies

(i) The Memories Group's LTM ROE and LTM net profit margin is within the range but lower than both the median and the simple average for the combined ratios of the Selected Comparable Companies.

(ii) The Memories Group's LTM asset turnover is within the range and lower than both the median and simple average for the combined ratios of the Selected Comparable Companies.

(iii) The Memories Group's total liabilities to shareholders' equity ratio is within the range and in line with the minimum for the Selected Comparable Companies.

(iv) The Memories Group had no borrowing as at 30 June 2017. For comparison purposes only, the Selected Comparable Companies' combined ratio of total borrowings to shareholders' equity ranges between 0.03 times and 1.1 times.

In summary, the historical financial performance of the Memories Group appears to be generally weaker than the Selected Comparable Companies in terms of its LTM ROE, LTM net profit margin and LTM asset turnover, whilst the financial position of the Memories Group appear to be more favourable than the Selected Comparable Companies in terms of its total liabilities to shareholders' equity ratio which is in line with the minimum and no borrowing position as at 30 June 2017.

Comparison against the Selected Myanmar Companies

(i) The Memories Group's LTM ROE is lower and less favourable than any of the Selected Myanmar Companies, save for Sing Myanmar which was loss making during the period reviewed.

(ii) The Memories Group's LTM net profit margin ratio is within the range but lower than both the median and simple average for the Selected Myanmar Companies.

(iii) The Memories Group's LTM asset turnover ratio is within the range and in line with both the median and simple average for the Selected Myanmar Companies.

(iv) The Memories Group's total liabilities to shareholders' equity ratio is lower than any of the Selected Myanmar Companies.

(v) The Memories Group had no borrowing as at 30 June 2017. For illustrative purposes only, the Selected Myanmar Companies' ratio of total borrowings to shareholders' equity ranges between 0.2 times and 0.9 times.

In summary, the historical financial performance of the Memories Group appears to be weaker than the Selected Myanmar Companies in terms of its LTM ROE and LTM net profit margin (save for the LTM asset turnover which is in line with both the median and simple average for the Selected Myanmar Companies), whilst the financial position of the Memories Group appear to be more favourable than the Selected Myanmar Companies in terms of its total liabilities to shareholders' equity ratio which is lower than any of the Selected Myanmar Companies and no borrowing position as at 30 June 2017.

The following valuation statistics for the Selected Comparable Companies and the Selected Myanmar Companies are based on their respective closing prices as at the Latest Practicable Date, while those for the Memories Group are based on the Purchase Consideration, the Adjusted Purchase Consideration and the Adjusted Minimum Purchase Consideration. All the valuation statistics of the Selected Comparable Companies and the Selected Myanmar Companies are computed on a historical basis using financial data and information obtained from their latest publicly available unaudited financial statements or audited financial statements from their annual reports or result announcements.

The following table tabulates the comparative valuation statistics for the Selected Comparable Companies, the Selected Myanmar Companies and the Memories Group and should be evaluated in the context of their relative financial performance.

Selected Comparable Companies	Market capitalisation (S$ m)	LTM EV/ EBITDA [1] (times)	LTM PER[2] (times)	P/NAV[3] (times)	P/NTA[4] (times)	Premium/ (discount) over/from NTA (%)
(A) Selected Experiences Companies						
Straco	743.4	7.9	15.1	3.1	3.2	215.9%
Emei Shan	1,123.4	n.a.	27.7	2.5	2.8	176.5%
Songcheng	6,238.5	n.a.	28.8	4.2	6.9	591.6%
MAXIMUM	**6,238.5**	**7.9**	**28.8**	**4.2**	**6.9**	**591.6%**
MINIMUM	**743.4**	**7.9**	**15.1**	**2.5**	**2.8**	**176.5%**
MEDIAN	**1,123.4**	**7.9**	**27.7**	**3.1**	**3.2**	**215.9%**
SIMPLE AVERAGE	**2,701.7**	**7.9**	**23.9**	**3.3**	**4.3**	**328.0%**
(B) Selected Services Companies						
Bayu Buana	44.3	4.3	13.6	1.2	1.2	15.1%
Destinasi Tirta	94.4	19.1	40.1	5.1	5.1	408.7%
Panorama	65.4	7.7	118.0	0.9	0.9	(10.1)%
Waterfront	60.9	4.5	8.6	0.4	0.4	(56.4)%
MAXIMUM	**94.4**	**19.1**	**118.0**	**5.1**	**5.1**	**408.7%**
MINIMUM	**44.3**	**4.3**	**8.6**	**0.4**	**0.4**	**(56.4)%**
MEDIAN	**63.2**	**6.1**	**26.8**	**1.0**	**1.0**	**2.5%**
SIMPLE AVERAGE	**66.3**	**8.9**	**45.1**	**1.9**	**1.9**	**89.3%**
(C) Selected Hotel Companies						
Pudjiadi	99.7	27.7	698.3	4.8	4.8	382.0%
Hotel Mandarine	23.6	20.8	273.0	1.1	1.1	12.8%
Hotel Sahid	153.9	73.5	n.m.[5]	1.7	1.7	66.1%
Bukit Uluwatu	192.4	35.1	n.m.[6]	1.3	1.3	30.4%
MAXIMUM	**192.4**	**71.4**	**698.3**	**4.8**	**4.8**	**382.0%**
MINIMUM	**23.6**	**20.8**	**273.0**	**1.1**	**1.1**	**12.8%**
MEDIAN	**126.8**	**31.4**	**485.6**	**1.5**	**1.5**	**48.3%**
SIMPLE AVERAGE	**117.4**	**39.3**	**485.6**	**2.2**	**2.2**	**122.8%**
COMBINED (A) + (B) + (C)						
MAXIMUM	**6,238.5**	**73.5**	**40.1**[7]	**5.1**	**6.9**	**591.6%**
MINIMUM	**23.6**	**4.3**	**8.6**[7]	**0.4**	**0.4**	**(56.4)%**
MEDIAN	**99.7**	**19.1**	**21.4**[7]	**1.7**	**1.7**	**66.1%**
SIMPLE AVERAGE	**803.6**	**22.3**	**22.3**[7]	**2.4**	**2.7**	**166.6%**
Selected Myanmar Companies						
Emerging Towns	76.0	4.1	6.2	0.7	0.7	(25.4)%
Yoma	930.1	17.8	28.9	1.4	1.5	47.3%
Sing Myanmar	127.7	n.m.[8]	n.m.[8]	3.9	4.0	298.4%
FMI	322.8	9.9	26.6	1.6	2.3	125.2%
MAXIMUM	**930.1**	**17.8**	**28.9**	**3.9**	**4.0**	**298.4%**
MINIMUM	**76.0**	**4.1**	**6.2**	**0.7**	**0.7**	**(25.4)%**
MEDIAN	**225.3**	**9.9**	**26.6**	**1.5**	**1.9**	**86.3%**
SIMPLE AVERAGE	**364.2**	**10.6**	**20.6**	**1.9**	**2.1**	**111.4%**
Memories Group						
Purchase Consideration	**69.7**	**23.6**	**57.5**	**1.3**	**1.7**	**74.2%**
Adjusted Purchase Consideration	**31.6**	**10.6**	**26.1**	**0.6**	**0.8**	**(21.0)%**
Adjusted Minimum Purchase Consideration	**30.3**	**10.1**	**25.0**	**0.6**	**0.8**	**(24.2)%**

Notes:

(1) The LTM EV/EBITDA for the Selected Comparable Companies are based on the most recent twelve months EBITDA as reported by the respective companies. The EBITDA for Straco, Destinasi Tirta and Emerging Towns is based on the most recent twelve months period ended 30 June 2017. The EBITDA for Emei Shan, Songcheng, Bayu Buana, Panorama, Waterfront, Pudjiadi, Hotel Mandarine, Hotel Sahid and Yoma is based on the most recent twelve months period ended 30 September 2017. The EBITDA for Sing Myanmar and FMI is based on the full year ended 31 March 2017.

(2) The LTM PERs for the Selected Comparable Companies are based on the most recent twelve months earnings after tax as reported by the respective companies. The earnings after tax for Straco, Destinasi Tirta and Emerging Towns is based on the most recent twelve months period ended 30 June 2017. The earnings after tax for Emei Shan, Songcheng, Bayu Buana, Panorama, Waterfront, Pudjiadi, Hotel Mandarine, Hotel Sahid and Yoma is based on the most recent twelve months period ended 30 September 2017. The earnings after tax for Sing Myanmar and FMI is based on the full year ended 31 March 2017.

(3) The P/NAV ratios for the Selected Comparable Companies are based on their respective NAV values as set out in their latest available announced audited or unaudited financial statements. The NAV for Straco, Destinasi Tirta and Emerging Towns is based on the most recent twelve months period ended 30 June 2017. The NAV for Emei Shan, Songcheng, Bayu Buana, Panorama, Waterfront, Pudjiadi, Hotel Mandarine, Hotel Sahid and Yoma is based on the most recent twelve months period ended 30 September 2017. The NAV for Sing Myanmar and FMI is based on the full year ended 31 March 2017.

(4) The P/NTA ratios for the Selected Comparable Companies are based on their respective NTA values as set out in their latest available announced audited or unaudited financial statements. The NTA for Straco, Destinasi Tirta and Emerging Towns is based on the most recent twelve months period ended 30 June 2017. The NTA for Emei Shan, Songcheng, Bayu Buana, Panorama, Waterfront, Pudjiadi, Hotel Mandarine, Hotel Sahid and Yoma is based on the most recent twelve months period ended 30 September 2017. The NTA for Sing Myanmar and FMI is based on the full year ended 31 March 2017.

(5) Hotel Sahid incurred a loss after tax attributable to owners of approximately IDR10.5 billion for the LTM ended 30 September 2017. Hence, Hotel Sahid's LTM PER ratio is negative and not meaningful.

(6) Bukit Uluwatu incurred loss after tax attributable to equity holders of the parent of approximately IDR13.0 billion for the LTM ended 30 September 2017. Hence, Hotel Sahid's LTM PER ratio is negative and not meaningful.

(7) Combined LTM PER ratio excludes Panorama and Hotel Mandarine as the ratios are deemed as an outlier in view of the minimal profit after tax.

(8) Sing Myanmar incurred a loss after tax attributable to equity holders of approximately US$7.1 million and negative EBITDA of approximately US$1.2 million for the LTM ended 31 March 2017. Hence, Sing Myanmar's LTM PER and LTM EBTIDA ratios are negative and not meaningful.

For illustrative purposes only, we note the following:

<u>Comparison against the Selected Comparable Companies</u>

(i) The market capitalisation of the Memories Group (as implied by the Purchase Consideration, Adjusted Minimum Purchase Consideration and Adjusted Purchase Consideration) is within the range for the Selected Comparable Companies, but lower than both the median and the simple average for the Selected Comparable Companies.

(ii) The valuation of the Memories Group (as implied by the Purchase Consideration) in terms of LTM EV/EBITDA is within the range and higher than both the simple average and median for the Selected Comparable Companies, whilst in terms of LTM PER, it is higher than any of the Selected Comparable Companies. However, in terms of P/NAV and P/NTA ratios, the valuation of the Memories Group (as implied by the Purchase Consideration, RNAV and RNTA) is within the range, lower than the simple average but relatively in line with the median for the Selected Comparable Companies.

(iii) The valuation of the Memories Group (as implied by the Adjusted Purchase Consideration) in terms of LTM EV/EBITDA, P/NAV and P/NTA are all within the range but lower than both the simple average and median for the Selected Comparable Companies. The valuation of the Memories Group (as implied by the Adjusted Purchase Consideration) in terms of LTM PER is within the range and higher than both the simple average and median for the Selected Comparable Companies.

(iv) The valuation of the Memories Group (as implied by the Adjusted Minimum Purchase Consideration) in terms of LTM EV/EBITDA, P/NAV and P/NTA are within the range but lower than both the simple average and median for the Selected Comparable Companies. The valuation of the Memories Group (as implied by the Adjusted Minimum Purchase Consideration) in terms of LTM PER is within range and higher than both the simple average and median for the Selected Comparable Companies.

In summary, the valuation of the Memories Group (as implied by both the Adjusted Purchase Consideration and the Adjusted Minimum Purchase Consideration) in terms of LTM EV/EBITDA, P/NAV and P/NTA ratios, appear to be lower as compared to the Selected Comparable Companies.

Comparison against the Selected Myanmar Companies

(i) The market capitalisation of the Memories Group (as implied by the Purchase Consideration, Adjusted Minimum Purchase Consideration and Adjusted Purchase Consideration) is lower than any of the Selected Myanmar Companies. We note that the valuation statistics for companies with higher capitalisation may be different than those with lower market capitalisation and this may be attributable to the relative liquidity in terms of number or value of shares traded as well as relative interest in shares of companies with larger market capitalisations.

(ii) The valuation of the Memories Group (as implied by the Purchase Consideration) in terms of LTM EV/EBITDA and LTM PER are higher than any of the Selected Myanmar Companies. However, in terms of P/NAV and P/NTA ratios, the valuation of the Memories Group (as implied by the Purchase Consideration, RNAV and RNTA) is within the range but lower than both the simple average and median for the Selected Myanmar Companies.

(iii) The valuation of the Memories Group (as implied by the Adjusted Purchase Consideration) in terms of LTM EV/EBITDA is within the range, higher than the median and in line with the simple average for the Selected Myanmar Companies, and in terms of LTM PER is higher than the simple average but lower than the median of the Selected Myanmar Companies. However, in terms of P/NAV and P/NTA ratios, the valuation of the Memories Group (as implied by the Adjusted Purchase Consideration, RNAV and RNTA) is lower than any of the Selected Myanmar Companies (save for Emerging Towns for P/NTA ratio).

(iv) The valuation of the Memories Group (as implied by the Adjusted Minimum Purchase Consideration) in terms of LTM EV/EBITDA is within the range, higher than the median but lower than the simple average for the Selected Myanmar Companies, and in terms of LTM PER is within the range, lower than the median but higher than the simple average for the Selected Myanmar Companies. In terms of P/NAV and P/NTA (as implied by the Adjusted Minimum Purchase Consideration, RNAV and RNTA), the valuation of the Memories Group is lower than any of the Selected Myanmar Companies (save for Emerging Towns for P/NTA ratio).

In summary, the valuation of the Memories Group (as implied by both the Adjusted Purchase Consideration and the Adjusted Minimum Purchase Consideration) in terms of LTM EV/EBITDA and LTM PER appear to be fairly comparable with the median and simple average for the Selected Myanmar Companies, whilst in terms of P/NAV and P/NTA, it is lower than any or in line with the minimum of the Selected Myanmar Companies.

The comparison of the valuation ratios between the Memories Group and the Selected Comparable Companies as well as the Selected Myanmar Companies should be assessed in conjunction with: (a) the relatively weaker financial performance but better financial position of the Memories Group *vis a vis* the Selected Comparable Companies and the Selected Myanmar Companies; (b) the underlying transaction, being the Proposed Acquisition, involves acquisition of "control" of the Memories Group whilst the valuation statistic for the Selected Comparable Companies and the Selected Myanmar Companies are based on transaction that do not results in acquisition of control; and (c) the Memories Group is not listed - it is generally accepted that the value for quoted shares are generally higher than those for unquoted shares in view of the listed status, improved liquidity, disclosure, corporate governance requirements as well as rules of the relevant exchange that has to be complied with for listing.

We also wish to highlight that the NAV and NTA based approach of valuing a company is dependent on factors that may differ for each Selected Comparable Companies and Selected Myanmar Companies including, *inter alia*, factors such as depreciation policies. As such, the comparison of the NAV and NTA of the Memories Group with those of the Selected Comparable Companies and Selected Myanmar Companies is necessarily limited and such comparison is made for illustrative purposes only. In addition, as all the ratios and tools used invariably uses the price of the shares, they may or may not take into account any relative or perceived or actual risk premiums or demand and supply conditions for those shares which may or may not have been fundamentally justified. In addition, as these are tools or ratios that are based on historical financial performance or position, they may or may not reflect the anticipated financial performance and the mix of its activities or the relative contributions in terms of assets, financial performance may differ.

Recommending Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity of the shares and the market capitalisation or the relative sentiments of the market for the shares.

6. OTHER CONSIDERATIONS

6.1. Financial effects of the Proposed Transactions

The pro forma financial effects of the Proposed Transactions (including the Proposed Acquisition), and the underlying assumptions are set out in Section 6 of Part A of the Circular. We recommend that the Recommending Directors advise the Independent Shareholders to read those pages of the Circular carefully. The financial effects of the Proposed Transactions (including the Proposed Acquisition) have been extracted from Section 6 of Part A of the Circular and is set out in italics below:

"A6. Financial Effects of the Proposed Transactions

6.1 Financial Effects of the Proposed Transactions

6.1.1 Bases and Assumptions

The pro forma financial effects of the Proposed Transactions are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Enlarged Group following the completion of the Proposed Transactions.

*The pro forma financial effects of the Proposed Transactions on the share capital, earnings, net tangible assets ("**NTA**") and gearing of the Enlarged Group have been prepared based on the unaudited financial results of the Company for the financial year ended 31 December 2016, the unaudited financial results of the Group for the three-month financial period ended 31 March 2017, and the unaudited pro forma financial results of the Memories Group for the financial year ended 31 March 2017.*

The pro forma financial effects of the Enlarged Group below is presented in S$ while the unaudited pro forma financial results of the Memories Group for the financial year ended 31 March 2017 was prepared in US$. The exchange rate used for conversion in the unaudited proforma financial effects of the Enlarged Group below was US$1: S$ 1.3970 for items in the statement of financial position as at 31 March 2017 and US$1: S$1.3846 for the statement of comprehensive income based on weighted average for the financial year ended 31 March 2017.

For illustrative purposes only, the financial effects of the Proposed Transactions are computed based on, inter alia, the following assumptions:

(i) the financial effects on loss and LPS of the Enlarged Group are computed assuming that the Proposed Transactions have been completed on 1 April 2016;

(ii) the financial effects on share capital, NTA and gearing of the Enlarged Group are computed assuming that the Proposed Transactions have been completed on 31 March 2017;

(iii) all of the Company Placement Shares are allotted and issued, and all of the Vendor Placement Shares are sold pursuant to the Proposed Compliance Placement;

(iv) the financial effects do not take into account any transactions effected or completed by the Enlarged Group subsequent to 31 March 2017;

(v) the difference between the deemed consideration for the Proposed Acquisition and the fair value of the net assets of the Enlarged Group, if any, have not been considered and will be determined on the date of Completion when the Relevant Vendor Parties have effectively obtained control of the Company. The actual difference could be materially different from the aforementioned assumption;

(vi) the financial effects take into account the SHC Capital Reduction in relation to the cash distribution of approximately S$29.1 million;

(vii) costs and expenses in connection with the Proposed Transactions are assumed to be approximately S$5.3 million; and

(viii) the placement agent commission related to the issuance of the Company Placement Shares is assumed to be approximately S$0.8 million.

6.1.2 Share Capital

Share Capital

	Number of Shares/ Consolidated Shares	***Issued and Paid-Up Share Capital (S$'000)***
Before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement	*305,982,583*	*11,075*
After the Proposed Acquisition and the Proposed Share Consolidation, but before the Proposed Compliance Placement	*308,708,863*	*81,196*
After the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement (assuming the full allotment and issue of Company Placement Shares)	*401,708,863*	*105,376*

6.1.3 NTA and NTA per Share/Consolidated Share

	NTA (S$'000)	***Number of Shares/ Consolidated Shares***	***NTA per Share/ Consolidated Share (cents)***
Before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement	*7,027*	*305,982,583*	*2.30*
After the Proposed Acquisition and the Proposed Share Consolidation, but before the Proposed Compliance Placement	*31,670*	*308,708,863*	*10.26*
After the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement (assuming the full allotment and issue of the Company Placement Shares)	*55,004*	*401,708,863*	*13.69*

6.1.4 Loss and loss per Share/Consolidated Share

	Loss for FY2016 (S$'000)	***Number of Shares/ Consolidated Shares***	***Loss per Share/ Consolidated Share (cents)***
Before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement	*(2,370)*	*305,982,583*	*(0.77)*
After the Proposed Acquisition and the Proposed Share Consolidation, but before the Proposed Compliance Placement	*(6,201)*	*308,708,863*	*(2.01)*
After the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement (assuming the full allotment and issue of the Company Placement Shares)	*(6,201)*	*401,708,863*	*(1.54)*

6.1.5 Gearing

	Total borrowings (S$'000)	***Total shareholders' funds (S$'000)***	***Gearing[(1)] (times)***
Before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement	*N.A. [(2)]*	*7,027*	*N.A. [(2)]*
After the Proposed Acquisition and the Proposed Share Consolidation, but before the Proposed Compliance Placement	*3,745*	*45,946*	*0.08*
After the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement (assuming the full allotment and issue of the Company Placement Shares)	*N.A.[(2)]*	*69,280*	*N.A.[(3)]*

Notes:

(1) Gearing is determined based on net debt divided by total capital. The Enlarged Group's net debt comprises trade and other payables less cash and bank balances. Total capital refers to capital and reserves attributable to the equity holders of the Company.

(2) Not applicable as net debt of the Company as at 31 March 2017 is negative due to the cash and cash equivalents of approximately S$7.3 million being greater than the total liabilities of approximately S$0.5 million.

(3) Not applicable as net debt of the Enlarged Group as at 31 March 2017 is negative due to the cash and cash equivalents of approximately S$24.3 million being greater than the total liabilities of approximately S$4.7 million."

For illustrative purposes only, we note from the table above that the loss per Share attributable to Shareholders ("**LPS**") of the Group would deteriorate from negative 0.77 S$ cent before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement to negative 2.01 S$ cent after the Proposed Acquisition and the Proposed Share Consolidation, but before the Proposed Compliance Placement to negative 1.54 S$ cent after the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement (assuming the full allotment and issue of the Company Placement Shares). The Group's NTA would increase from 2.30 S$ cent before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement to 10.26 S$ cent after the Proposed Acquisition and the Proposed Share Consolidation, but before the Proposed Compliance Placement and further increase to 13.69 S$ cent after the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement (assuming the full allotment and issue of the Company Placement Shares). In addition, there will be no impact to the net gearing ratio of the Group as net debt of the Company as at 31 March 2017 is negative due to the cash and cash equivalents of approximately S$7.3 million being greater than the total liabilities of approximately S$0.5 million.

We also wish to highlight that whilst the Proposed Acquisition, Proposed Share Consolidation and Proposed Compliance Placement will lead to a lower LPS per Share, they will result in an improvement in NTA per Share and have no net effect to the Group's financial position in terms of gearing. Lastly, the Proposed Acquisition, Proposed Share Consolidation and Proposed Compliance Placement will lead to a higher net cash position of approximately S$19.6 million as compared to approximately S$6.8 million before the said transactions.

6.2. Restructuring and Legal Opinion

Restructuring

The overview of the Restructuring with regards to the Memories Group can be found in Section 2.12 of Part A of the Circular and have been extracted from the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

*"**2.12 Restructuring***

2.12.1 Memories Group

Pursuant to the Restructuring Completion, MM Myanmar has acquired (through the relevant Memories Group Companies) such interests in the relevant Memories Group Companies as further described below and resulting in the establishment of the Corporate Structure:

(i) (pursuant to the Completion of the PHLHML SPA) legal and beneficial ownership of 100.0% of the issued shares of PHLHML which currently owns, manages and holds the PHL Business pursuant to the acquisition of the PHL Business and obtaining of the Long Term Lease of the PHL Land by PHLHML from PHL;

(ii) (pursuant to the Completion of the BOB SPA) legal and beneficial ownership of 40.0% of the issued shares of SLTG which currently owns, operates manages and holds the BOB Business, and (pursuant to the BOB DOA) Economic Interests in respect of the remaining 60.0% of the issued shares of SLTG and (pursuant to the BOB POA) certain powers and authority over such shares;

(iii) (pursuant to the BL DOA) Economic Interests in respect of 100.0% of the issued shares of CIL which currently owns, manages and holds the BL Business and (pursuant to the BL POA) certain powers and authority over such shares, pending the Completion of the BL APA;

(iv) (pursuant to the HAL DOA) Economic Interests in respect of 100.0% of the issued shares of TLH which currently owns, operates manages and holds the HAL Business and (pursuant to the HAL POA) certain powers and authority over such shares, pending Completion of the HAL APA; and

(v) (pursuant to the Completion of the DMC SPA and the transfer of 201 shares to Mr Tun Tun as further elaborated in Section 3.4 of Part B of this Circular) ownership of 300 issued shares of AHTT (representing approximately 59.9% of the issued shares of AHTT) which currently owns, operates, manages and holds the DMC Business, and (pursuant to the DMC DOA) Economic Interests in respect of the remaining 201 issued shares of AHTT (representing approximately 40.1% of the issued shares of AHTT) and (pursuant to the DMC POA) certain powers and authority over such shares.

The Company has been advised by KCY that subject to the assumptions and qualifications provided in the KCY Legal Opinion, the Corporate Structure complies with the Applicable Laws, and the creation of Economic Interests in the shares of SLTG, AHTT, TLH and CIL (as the case may be) in the manner as provided under each relevant DOA in favour of each assignee under the said DOA will not in itself require any additional approval of any Relevant Authority with regard to the operations of the relevant Memories Businesses. There is no need for the MIC to be specifically notified or made aware of the Memories Group's Economic Interests in the BOB Business, DMC Business, HAL Business and the BL Business as the creation of Economic Interests in the shares of SLTG, AHTT, TLH and CIL (as the case may be) in the manner as provided under each relevant DOA in favour of each assignee under the said DOA will not in itself give rise to any additional requirement or the approval of any Relevant Authority, including the MIC, with regard to the operations of the relevant Memories Businesses. Please refer to Section

2.12.3 of Part A of this Circular and Appendix P of this Circular for further or full details of the KCY Legal Opinion.

For the avoidance of doubt, despite the Restructuring Completion:

(i) the Completion of the HAL APA is subject to, inter alia, MIC Endorsement being obtained for the investment activity of HAL SPV and the Long Term Lease of the HAL Land; and

(ii) depending on the exact nature and the scope of the BL Business, Completion of the BL APA is subject to, inter alia, MIC Endorsement being obtained for the investment activity of BL SPV and the Long Term Lease of the BL Land or MIC Permit being obtained for BL SPV's investment in the BL Business (as applicable).

Failure to fulfil any of the foregoing conditions will be a Potential Buyback Event for which the Potential Buyback of the HAL Business or the BL Business (as the case may be) may apply. Please refer to Section 2.13 of Part A of this Circular for further details of the Potential Buyback.

2.12.2 Rationale

The Board is of the view that the interests of the Enlarged Group would be reasonably adequately safeguarded at Completion notwithstanding that under the Corporate Structure, the Enlarged Group does not have (i) the entire legal and beneficial ownership of the shares of SLTG and AHTT which own the BOB Business and the DMC Business respectively; and (ii) any of the legal and beneficial ownership of the shares of TLH or CIL which own the HAL Business (pending the Completion of the HAL APA) and the BL Business (pending the Completion of the BL APA) respectively, inter alia, for the following reasons:

(i) The Enlarged Group has legal and beneficial ownership of 40.0% of the issued shares of SLTG and Economic Interests in respect of the remaining 60.0% of the issued shares of SLTG and certain powers and authority over such shares pursuant to the BOB DOA and the BOB POA;

(ii) The Enlarged Group has legal and beneficial ownership of 59.9% of the issued shares of AHTT and Economic Interests in respect of the remaining 40.1% of the issued shares of AHTT and certain powers and authority over such shares pursuant to the DMC DOA and DMC POA;

(iii) While the Enlarged Group does not have legal and beneficial ownership and control of the shares of CIL and TLH, the Enlarged Group has Economic Interests in respect of 100.0% of the issued shares of such companies and certain powers and authority over such shares pursuant to the relevant DOAs and POAs, pending Completion of the HAL APA and BL APA;

(iv) The Company has been advised by KCY, inter alia, that the Corporate Structure complies with the applicable Laws, and the applicable Laws do not prohibit each assignee under each DOA from holding Economic interests in the shares of SLTG, AHTT, TLH and CIL (as the case may be) pursuant to its rights, and in the manner provided under the said DOA;

(v) The hotel business does not fall under the categories of restricted investments under the Restricted List issued pursuant to the MIL and HAL MM Co would be able to acquire the HAL Business and the Long Term Lease of the HAL Land once it obtains the MIC Endorsement for the investment activity of HAL SPV and the land rights authorization for the HAL Land, and HAL MM Co has already submitted an application for the same in June 2017;

(vi) The proposed BL Business, namely development of a proposed commercial and tourism-related hospitality development, is not a Restricted Investment per se, although the conditions applicable to and the type of Approvals required for BL

SPV's investment in the BL Business, including possibly requiring an MIC Permit, and the extent and nature of the construction, development and/or use that may be permitted on the BL Land may be subject to special considerations and regulatory Approvals since the BL Land is located in Bagan which is generally considered part of the Restricted Zone;

(vii) Under and subject to the terms of the DOAs, the Enlarged Group benefits from and enjoy all economic, financial and monetary entitlements accruing or arising from the shares of the relevant Asset Holding Companies namely SLTG, AHTT, CIL and TLH which are the subject of the DOAs (including dividends and other distributions);

(viii) The DOAs are absolute and may only be revoked or rescinded over any or all of the relevant shares of the Asset Holding Companies over which Economic Interests have been assigned, by mutual agreement of the relevant parties;

(ix) Through the POAs, the Enlarged Group has the ability, through the exercise of rights by the relevant attorneys under the relevant POAs, to vote on the relevant shares under the POAs on matters within the purview of shareholders' meetings which include the ability to vote on appointment/removal of directors. Accordingly, the Enlarged Group intends to exercise such powers so as to appoint all the directors of the relevant Asset Holding Companies of the relevant Memories Businesses;

(x) The powers being granted under the POAs are deemed or construed as powers granted coupled with an interest of the relevant attorney(s) due to the fact that the POAs have been granted in conjunction with the entry of the DOAs by the relevant grantor(s) and accordingly, the POAs cannot be revoked by the grantor(s) for so long as such interest subsist;

(xi) There would be no material financial or operational implications arising from any delay or failure by the Enlarged Group to acquire the HAL Business, the BL Business and/or the Long Term Lease of the HAL Land and/or the BL Land, as the Enlarged Group would continue to hold the relevant Economic Interests under the DOAs and the powers and authority under the POAs;

(xii) Under the applicable SFRS, the Enlarged Group is able to consolidate the entire interests in respect of all of the Memories Businesses based on the Corporate Structure;

(xiii) The Company has the right to compel the Potential Buyback of the HAL Business, inter alia, if HAL MM Co fails to acquire the HAL Business and Long Term Lease of the HAL Land within three (3) years from Completion.

(xiv) The Company has the right to compel the Potential Buyback of the BL Business, inter alia, if the BL Land is demarcated as part of the Restricted Zone or BL MM Co fails to acquire the BL Business and Long Term Lease of the BL Land within three (3) years from Completion; and

(xv) The Company has the right to compel the Potential Buyback of the BOB Business if the Enlarged Group is required at any time on or prior to 31 December 2018, to reduce its ownership of shares in SLTG to below a 40.0% shareholding percentage as a condition or requirement of, or otherwise in connection with, the obtaining, renewing or maintaining of the Air Operator Certificates, the Tour Operation Enterprise Licence and Tourist Transport Business Licence for the purposes of the BOB Business.

The Board is further of the view that while the Company is aware of the potential uncertainty of whether MIC Endorsement for HAL SPV's investment activity and the Long Term Lease of the HAL Land can be obtained and/or whether MIC Endorsement for BL SPV's investment activity and the Long Term Lease of the BL Land and/or MIC Permit for BL SPV's investment in the BL Business (as the case

may be) after Completion, as the Vendors only contemplate selling the Memories Businesses as a package and on a combined basis, the terms of the Proposed Acquisition (including the acquisition of the HAL Business and the BL Business) have been agreed to on a willing-buyer willing-seller basis under such circumstances."

We note that pursuant to the Restructuring and as at the Latest Practicable Date, Memories Group has acquired:

(1) 100.0% of the issued shares of PHLHML;

(2) 40.0% of the issued shares of SLTG and 60.0% of the economic interests in the issued shares of SLTG;

(3) 59.9% of the issued shares of AHTT and 40.1% of the economic interests in the issued shares of AHTT; and

(4) 100.0% of the economic interests in CIL and TLH.

We also note that the following APAs are still pending completion:

(1) HAL APA which is subject to, *inter alia*, MIC Endorsement being obtained for the Long Term Lease of the HAL Land; and

(2) BL APA which is subject to, *inter alia*, MIC Endorsement being obtained for the investment activity of BL SPV and the Long Term Lease of the BL Land or MIC Permit being obtained for BL SPV's investment in the BL Business (as applicable).

Accordingly, we do not and are not required to comment on whether the APAs can be completed, including the timing of completion and whether the MIC Permit or Endorsement (where applicable) can be obtained. As such, Independent Shareholders are advised to take note of the status of the Restructuring and the respective APAs.

As a safeguard mechanism in the event of non-completion of the APA, Company and the Buyback Vendors entered into or will enter into deeds of undertaking ("**Buyback Undertakings**") in relation to the buyback of the HAL Business, BL Business and/or the BOB Business by the relevant Buyback Vendors upon the occurrence of any of the following events in relation to the HAL Business, the BL Business and/or the BOB Business (as the case may be) as set out in Section 2.13.1 of Part A of the Circular, and pursuant to which the Company is required to take steps to effect a Potential Buyback of such business to the relevant Buyback Vendors, in the manner as further elaborated in Section 2.13.2 or Part A of the Circular ("**Potential Buyback Events**"). Please see Section 2.13 of Part A of the Circular for more information on the Potential Buyback.

Legal Opinion by KCY

The summary of the legal opinion dated 29 September 2017 issued by KCY in relation to, *inter alia*, the Restructuring ("**KCY Legal Opinion**") can be found in Section 2.12.3 of Part A of the Circular and have been extracted from the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

"2.12.3Legal Opinion

KCY has issued the KCY Legal Opinion wherein KCY has, subject to certain assumptions and qualifications, opined, inter alia, as follows:

(i) The Corporate Structure complies with the applicable Laws.

(ii) Save for the payment of stamp duties in accordance with the Myanmar Stamp Act for each DOA, POA, SPA, APA, Share Option and Land Option (where the same has not been duly

stamped on or prior to the date of the KCY Legal Opinion), no authorization, consent, permit or approval of, or other action by, or filing with or notice to, any Relevant Authority is required in connection with the execution and delivery by each relevant party of the relevant DOA, POA, SPA, APA, Share Option and Land Option to which it is a party.

(iii) The creation of Economic Interests in the shares of SLTG, AHTT, TLH and CIL (as the case may be), in the manner provided under each DOA, in favour of each assignee under the said DOA will not in itself give rise to any additional approval of any Relevant Authority, with regard to the operations of the relevant Memories Businesses.

(iv) The applicable Laws do not prohibit each assignee under each DOA from holding Economic Interests in the shares of SLTG, AHTT, TLH and CIL (as the case may be), in the manner provided under the said DOA.

(v) Each assignee under each DOA has the ability to further assign or sell (in whole or in part) the Economic Interests in the shares of SLTG, AHTT, TLH and CIL (as the case may be) pursuant to its rights, and in the manner provided, under the said DOA.

(vi) The exercise of authority and powers by each attorney under each POA (where exercised in accordance with the terms of the said POA) include, inter alia, the ability to vote on the shares of SLTG, AHTT, TLH, and CIL (as the case may be) on matters falling within the purview of a shareholders' meeting, such as appointing and removing directors.

(vii) The authority and power to dispose of or transfer the business/assets of SLTG, AHTT, TLH, and CIL (as the case may be) is vested in their respective board of directors, subject to their respective company constitutions. The implementation of such disposal or transfer may be subject to any necessary resolutions being passed by the respective shareholders of SLTG, AHTT, TLH and CIL (as the case may be), and the necessary regulatory Approvals, having regard to the applicable Laws and prevailing policies at the relevant time of disposal and transfer.

*The full text and contents of KCY's legal opinion dated 20 November 2017 ("**KCY Legal Opinion**") is set out in Appendix P of this Circular and Shareholders are advised to read carefully the KCY Legal Opinion in its entirety, in particular without limitation, the assumptions and qualifications set out therein.*

For the avoidance of doubt, the authority and powers of each attorney under each POA to vote on matters falling within the purview of a shareholders' meeting (such as appointing and removing directors or the disposal or transfer of business/asset where the foregoing are the subject of shareholders resolution pursuant to the respective company's constitution or the Applicable Law) arises per se from the grant of such authority and powers by the relevant grantor pursuant to, and in accordance with the terms of each said POA rather than arising from any voting shares which are the subject of the POAs or the Economic Interests in relation to such shares. Notwithstanding the foregoing, as each POA is given by the relevant grantor(s) in conjunction with the relevant DOA executed by such grantor(s), the powers being granted thereunder are deemed or construed as powers granted coupled with an interest of the relevant attorney(s) and cannot be revoked by the grantor(s) for so long as such interest subsist."

We note that KCY has been engaged to advise the Company on Myanmar Laws with respect to the Restructuring to provide a legal opinion, which relates solely and exclusively to the deeds of assignment, powers of attorney, share and asset purchase agreements, Share Option (as defined in the Circular) and Land Option (as defined in the Circular) and is on the basis of and subject always to and without prejudice to the overall application of the assumptions and qualifications (which shall be regarded as an integral part of KCY's opinion).

Accordingly, we do not and are not required to comment on whether the APA can be completed, including the timing of completion and whether the MIC Permit or Endorsement (where applicable) can be obtained. As such, Independent Shareholders are advised to take note of the status of the Restructuring and the respective APA.

As a safeguard mechanism in the event of non-completion of the APA, the Company and the Buyback Vendors will entered or to be entered into Buyback Undertakings upon the occurrence of a Potential Buyback Event. Please see Section 2.13 of Part A of the Circular which has been extracted from the Circular and are set out in italics below for more information on the Potential Buyback.

Potential Buyback

"2.13 Potential Buyback in relation to the HAL Business, BL Business and BOB Business

2.13.1 Potential Buyback Events

HAL Business

*Since Completion of the HAL APA will not take place at the Restructuring Completion, the Company, the Corporate Vendor and JMR had on 20 November 2017 entered into an undertaking ("**Buyback Undertaking (HAL Business)**") pursuant to which the Company, the Corporate Vendor and JMR will undertake the following:*

(i) if at any time within the period of three (3) years following Completion of the Proposed Acquisition, a Final Ruling (as defined below) is made by the MIC to reject the application for MIC Endorsement for the investment activity of HAL SPV and the Long Term Lease of the HAL Land in favour of HAL MM Co; or

(ii) if at the end of three (3) years following Completion of the Proposed Acquisition, the MIC Endorsement being obtained for the investment activity of HAL SPV and the Long Term Lease of the HAL Land in favour of HAL MM Co has not been obtained,

the Company will take steps to effect the Potential Buyback of the HAL Business, as further elaborated in Section 2.13.2 of Part A of this Circular below.

BL Business

*Since Completion of the BL APA will not take place at the Restructuring Completion, the Company, YSIL and FMI had on 20 November 2017 entered into an undertaking ("**Buyback Undertaking (BOB Business and BL Business)**") pursuant to which the Company, YSIL and FMI will undertake the following:*

(i) if at any time within the period of three (3) years following completion of the Proposed Acquisition, a Final Ruling is made by the relevant authorities that the BL Land has been demarcated as a heritage site and is otherwise not permitted or approved for any commercial development; or

(ii) if at any time within the period of three (3) years following completion of the Proposed Acquisition, a Final Ruling is made by the MIC to reject the application for MIC Endorsement or MIC Permit (as applicable) for and the Long Term Lease of the BL Land or otherwise to deny BL MM Co the right to hold or to be granted a Long Term Lease of the BL Land; or

(iii) at the end of three (3) years following completion of the Proposed Acquisition, either the MIC Endorsement or MIC Permit (as applicable) for the Long Term Lease of the BL Land in favour of BL MM Co has not been obtained, or the BL MM Co has otherwise not obtained all relevant approvals as required under the prevailing laws to allow it to hold or to be granted a Long Term Lease of the BL Land,

the Company will take steps to effect the Potential Buyback of the BL Business, as further elaborated in Section 2.13.2 of Part A of this Circular below.

*For purposes of the foregoing in respect of the HAL Business and the BL Business, a "**Final Ruling**" is deemed to have been made only if in the reasonable opinion of the New Board:*

(i) a final ruling, determination or finding has been made by the relevant authorities from which there are no other or further appeals that may be made, either within the same ministry or agency or other relevant authority, or any other ministry, agency or relevant authority; and

(ii) there are no other methods, avenues or recourse of overruling, re-interpreting, bypassing or otherwise supplementing, varying or modifying any ruling, determination or finding referred to in (i) above, including through re-submission, amendment or modification of any applications previously submitted.

In forming its view as aforesaid, the New Board is entitled to seek and rely on such legal and other professional expert advice as they deem fit or appropriate, and any Director who is interested in the Potential Buyback (whether directly or through his Associates) shall recuse himself from any deliberations or decision in relation thereto.

BOB Business

The BOB Business is considered as domestic air transport and pursuant to the MIL Rules and the Restricted List, the approval of the MOTC is required for an investment in the BOB Business.

In the case of SLTG, MOTC approval was not sought for BOB SPV's acquisition of the 40.0% of the issued shares of SLTG in the light of the MIC's indication that such approval was not required in the process of obtaining the First BOB MIC Endorsement and it is not certain if MOTC may raise any objections in relation to BOB SPV's investment in SLTG in the course of SLTG seeking renewal of its Air Operator Certificate which is due to expire on 30 October 2018.

Accordingly, the Company, YSIL and FMI have entered into the Buyback Undertaking (BOB Business and BL Business) on 20 November 2017 pursuant to which the Company, YSIL and FMI will undertake that if at any time on or prior to 31 December 2018, BOB SPV is required to reduce its ownership of shares in SLTG to below a 40.0% shareholding percentage as a condition or requirement of, or otherwise in connection with, the obtaining, renewing or maintaining the Air Operator Certificates, the Tour Operation Enterprise Licence and Tourist Transport Business Licence for the purposes of the BOB Business, the Company will take steps to effect the Potential Buyback of the BOB Business, as further elaborated in Section 2.13.2 of Part A of this Circular below.

2.13.2 Potential Buyback Terms

*Further to the Buyback undertakings the relevant Buyback Vendors agreed that in the event of the occurrence of a Potential Buyback Event in relation to any of the BOB Business, the HAL Business and/or the BL Business (as the case may be), the relevant company within the Enlarged Group that owns such Memories Business will, subject to compliance with the provisions of the Buyback Undertakings, effect a disposal of such relevant Memories Business to which the Potential Buyback Event applies back to the relevant Buyback Vendor for cash ("**Potential Buyback**").*

*The cash consideration ("**Buyback Consideration**") payable by the relevant Buyback Vendor for the Potential Buyback of the BOB Business, the HAL Business and/or the BL Business (as the case may be) shall be the same dollar amount paid by the Company for such relevant Memories Business pursuant to the Proposed Acquisition.*

Each Potential Buyback of the relevant Memories Business (including BOB Business*, BL Business and HAL Business) will be treated as an interested person transaction and subject to all the requirements as set out under Chapter 9 of the Catalist Rules (including the seeking of an independent financial adviser's opinion in relation to the terms of the Potential Buyback), regardless of the value of such transaction and whether the materiality thresholds under Chapter 9 of the Catalist Rules are breached.*

*The New Board shall procure the necessary steps to be taken to convene an extraordinary general meeting ("**Potential Buyback EGM**") of the Company to seek independent Shareholders' approval in relation to the Potential Buyback of the relevant Memories Business, and all of the Vendors, the Buyback Vendors and their respective Associates shall abstain from voting at the Potential Buyback EGM.*

Upon the approval of the Potential Buyback of the relevant Memories Business at the Potential Buyback EGM, the relevant Buyback Vendor shall be irrevocably and unconditionally obliged to, and shall forthwith take all such steps necessary or relevant for purposes of completing the purchase of the relevant Memories Business which is the subject of the Potential Buyback at the relevant Buyback Consideration."

We would like to highlight that our scope does not require us to opine or comment on the Potential Buyback in relation to the HAL Business, BL Business and BOB Business, including the terms of the Potential Buyback and the derivation of the Buyback Consideration. Accordingly, Independent Shareholders are advised to take note of the limitations of the scope of IFA Letter and read Section 2.13.1 of Part A of the Circular carefully with respect to the Potential Buyback.

6.3. Financing requirements of the Enlarged Group

We note from the Circular that the Enlarged Group expects to incur significant capital expenditure in the future and therefore may require additional financing to fund such capital expenditure. The Enlarged Group has identified plans as described in Section 5.19 of Part B of the Circular entitled "Strategy and Future Plans", including completion of the construction of Pun Hlaing Lodge and the development of the BL Land. In addition, the Enlarged Group may chance upon other opportunities to increase its portfolio of tourism and hospitality assets to expand its platform. Under such circumstances, the Enlarged Group may need to obtain additional debt or equity financing to fund our future capital expenditures. However, the Enlarged Group cannot ensure that its profitability will increase significantly or that it will not incur losses after its capital expenditure. If additional funds are raised through the issuance of new equity or equity-linked securities other than on a pro rata basis to the then-existing Shareholders, the percentage ownership of Shareholders may be reduced resulting in a dilution, and, in the case of a rights issue, will require additional investments by Shareholders. Further, an issue of Shares below the then prevailing market price will also affect the value of Shares then held by existing investors. Dilution in Shareholders' equity interests may occur even if the issue of Shares is at a premium to the market price.

In addition, any additional debt funding would increase the Enlarged Group's debt equity ratio and may restrict its freedom to operate its business as it may have conditions that (a) limit its ability to pay dividends or require it to seek consents for the payment of dividends; (b) increase its vulnerability to general adverse economic and industry conditions; (c) require it to dedicate a portion of its cash flow from operations to repayments of its debt, thereby reducing the availability of its cash flow for capital expenditures, working capital and other general corporate purposes; and (d) limit its flexibility in planning for, or reacting to, changes in its businesses. The Enlarged Group cannot ensure that it will be able to secure additional funding on terms that are acceptable to the Enlarged Group when required to meet its business requirements and if that is so, it may not be able to fully implement its plans or respond to competitive pressures or unanticipated requirements, in which case, its business results would suffer.

The Proposed Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from the Memories Group's operations and its existing cash and cash equivalents, the working capital available to them as at the date of lodgement of the Circular is sufficient for present requirements and for at least 12 months after Completion.

6.4. The Proposed Whitewash Resolution is a condition precedent to the Proposed Acquisition

As set out in Section 3.3 of Part A of the Circular, approval of the Proposed Whitewash Resolution by the Independent Shareholder is a condition precedent to Completion. If Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, Completion will not take place. In addition, we note that the ordinary resolutions in connection with, *inter alia*, the Proposed Acquisition, the issuance and allotment of the Consideration Shares, and the Proposed Whitewash Resolution are inter-

conditional on each other. Accordingly if the Proposed Whitewash Resolution is not passed by a majority of the Independent Shareholders, the Proposed Acquisition will not take place.

6.5. No Alternative Investment or Acquisition Opportunity

As at the Latest Practicable Date, the Directors have confirmed that they are not aware of any alternative investment or acquisition opportunity available to the Company, which is comparable in nature, size and scope to the Proposed Acquisition. It is noted from Section 2.2 of Part A of the Circular that the existing Board is of the view that the Proposed Acquisition, if completed by the Company, will provide the Company with an opportunity to venture into a business with the potential for growth in the emerging market of Myanmar and accordingly, it is in the interests of the Company and its Shareholders to complete the Proposed Acquisition.

If the Proposed Acquisition is not completed, the Company will have to be delisted pursuant to Rule 1017 of the Catalist Rules and, in the absence of an exit cash offer by any party, the Company intends to undergo a voluntary liquidation and be wound up and dissolved thereafter.

As set out in the Circular, the Company was granted by the SGX-ST further extensions of time to meet the requirements for a new listing on three separate occasions:-

(i) On 21 August 2015, the Company was first granted an extension of time to meet the requirements for a new listing by 31 January 2016, in conjunction with its then proposed acquisition of Tongda Medical Device Limited, which was however aborted as announced by the Company on 2 November 2015;

(ii) On 28 January 2016, the Company was subsequently granted a further extension of time to meet the requirements for a new listing by 31 December 2016, in conjunction with the current Proposed Acquisition;

(iii) On 13 December 2016, the Company was subsequently granted a further extension of time to meet the requirements for a new listing by 30 September 2017, in conjunction with the current Proposed Acquisition; and

(iv) On 25 September 2017, the Company was subsequently granted a further extension of time to meet the requirements for a new listing by 31 December 2017, in conjunction with the current Proposed Acquisition.

Shareholders should note that there is no certainty that further extension of time to meet the requirements for a new listing will be granted in the event that the Proposed Acquisition is not completed.

6.6. Inter-conditionality

As set out in Section 1.4 of Part A of the Circular, Shareholders should note that the Key Resolutions (as defined in the Circular) relating to *inter alia*, (i) the Proposed Acquisition; (ii) the Proposed Share Consolidation; (iii) the Proposed allotment and issue of the Consideration Shares; (iv) the proposed issuance and allotment of the Company Placement Shares pursuant to the Proposed Compliance Placement; (v) the Proposed Whitewash Resolution; (vi) the Proposed IPT Mandate; and (vii) the proposed appointment of Mr Serge Pun as a Proposed Director of the Company upon Completion; (viii) the proposed appointment of Mr Michel Novatin as a Proposed Director of the Company upon Completion and (ix) the Proposed Change of Name, are inter-conditional upon each other. Accordingly, in the event that any of the Key Resolutions is not approved, the other resolutions will not be passed.

We also note from Section 2.6(l) of Part A of the Circular that one of the conditions precedent for the completion of the Proposed Acquisition is the execution and delivery by SHC Capital Holdings Pte. Ltd. (the "**Major Shareholder**") of an undertaking in the agreed form to (i) vote in favour of certain resolutions at the EGM and (ii) not to sell, assign, give, transfer or otherwise dispose of its Shares until the conclusion of the EGM; and (iii) not to charge, mortgage pledge or otherwise encumber such shares

or in any interest in their shares in a manner which may restrict its ability to comply with the aforesaid undertaking.

As at the Latest Practicable Date, the Major Shareholder hold approximately 81.59% of the Shares. Accordingly, if the Major Shareholders vote in accordance with the undertaking, all the ordinary resolutions and the special resolution (including the Key Resolutions) will be approved.

6.7. Risk Factors

While we have, in the course of our evaluation, assessed the financial terms of the Proposed Acquisition and considered the transactions from the perspective of whether such terms are fair and reasonable and prejudicial to the interests of the Company and the minority Shareholders, we have not examined the underlying business and financial risks associated with the Proposed Acquisition as well as the business prospects of the Memories Group or the Enlarged Group following the completion of the Proposed Acquisition, which shall be the responsibility of the Proposed Directors.

The risk factors in connection with the Proposed Acquisition are set out in Section 16 of Part A and 8 of Part B of the Circular. Should any of the considerations and uncertainties highlighted in the aforementioned risk factors develop into actual event, the business, financial condition or results of the operations of the Group, the Company, the Memories Group or the Enlarged Group could be materially adversely affected.

6.8. No assurance of profitability or prices for Shares

Recommending Directors should note that no profit warranty has been provided by any party with respect to the future performance of the Memories Group or the Enlarged Group in connection with the Proposed Acquisition. Thus there can be no assurance that the Memories Group or the Enlarged Group will be able to maintain or improve its profitability or profit after tax.

We recommend that the Recommending Directors advise the Independent Shareholders to read the Section 7 of Part B the Circular entitled "**Management's Discussion and Analysis of Results of Operations and Financial Position of Memories Group**".

Recommending Directors should also note that there is no assurance that the steps taken or to be taken by the Enlarged Group subsequent to the Proposed Acquisition to improve the profitability of the Enlarged Group and to improve Shareholders' value will be successful or would result in the Shares being traded at prices higher than the Issue Price for the Consideration Shares.

6.9. Material Litigation

As disclosed in Section 12 of Part B of the Circular, the MM Myanmar Directors are not involved in, or have they been involved in, any material legal or arbitration proceedings, including those that are pending or known to be contemplated, which may have, or have had in the 12 months preceding the date of the Circular, a material effect on its financial position or profitability.

6.10. Proposed Consolidation

Prior to the issuance of the Consideration Shares, the Company proposes to undertake the Proposed Consolidation. We would like to highlight that Independent Shareholders' holdings in Shares would be reduced proportionally and that the Proposed Consolidation might result in shareholdings being in odd lots.

As an illustration, if a Shareholder has 700 Shares in his securities account as at the books closure date for the Proposed Consolidation, the Proposed Consolidation will result in that Shareholder holding 100 Shares. Due to the relative illiquidity of the odd lots market on the Catalist, the Shareholder might be required to transact his Shares, (in the event that he is unable to dispose or liquidate his Shares or part of the Shares during the period if any designated for the trading of the odd lots), at a price lower than the market price for the Shares when sold in multiples of board lots or for that matter lower than the Issue Price.

6.11. Dilution Impact

It is important to note that pursuant to the Proposed Transactions (including the Proposed Acquisition), the shareholdings of the existing Independent Shareholders will be diluted significantly. In evaluating the dilution impact of the Proposed Transactions (including the Proposed Acquisition) on the existing Independent Shareholders, we have considered the following:–

	Before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement						After the Proposed Acquisition and the Proposed Share Consolidation, but before the Proposed Compliance Placement					
	Direct Interest		Deemed Interest		Total Interest		Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%
Existing Directors												
Mr Teo Soo Kiat[1]	-	-	249,639,317	81.59	249,639,317	81.59	-	-	35,662,760	11.55	35,662,760	11.55
Mr Teo Soo Chew[1]	-	-	249,639,317	81.59	249,639,317	81.59	-	-	35,662,760	11.55	35,662,760	11.55
Mr Teo Chiang Khai[1]	-	-	249,639,317	81.59	249,639,317	81.59	-	-	35,662,760	11.55	35,662,760	11.55
Mr Teo Hsi Leang	-	-	-	-	-	-	-	-	-	-	-	-
Mr Ng Fook Ai, Victor	-	-	-	-	-	-	-	-	-	-	-	-
Mr Teo Eu Jin, Nicholas	-	-	-	-	-	-	-	-	-	-	-	-
Proposed Directors												
Mr Serge Pun[2]	-	-	-	-	-	-	-	-	209,026,274	67.71	209,026,274	67.71
Mr Tun Tun	-	-	-	-	-	-	-	-	-	-	-	-
Mr Michel Novatin	-	-	-	-	-	-	-	-	-	-	-	-
Mr Basil Chan	-	-	-	-	-	-	-	-	-	-	-	-
Mr Robin C. Lee	-	-	-	-	-	-	-	-	-	-	-	-
Ms Judy Chan	-	-	-	-	-	-	-	-	-	-	-	-
Controlling Shareholders												
YSH[3]	-	-	-	-	-	-	-	-	167,078,848	54.12	167,078,848	54.12
YSIL	-	-	-	-	-	-	167,078,848	54.12	-	-	167,078,848	54.12
Substantial Shareholders												
SHC Capital Holdings Pte Ltd	249,639,317	81.59	-	-	249,639,317	81.59	35,662,760	11.55	-	-	35,662,760	11.55
See Hoy Chan Holdings Pte Ltd[4]	-	-	249,639,317	81.59	249,639,317	81.59	-	-	35,662,760	11.55	35,662,760	11.55
See Hoy Chan Sdn. Berhad[5]	-	-	249,639,317	81.59	249,639,317	81.59	-	-	35,662,760	11.55	35,662,760	11.55
FMI	-	-	-	-	-	-	41,947,426	13.59	-	-	41,947,426	13.59
Yangon Land Company Limited[6]	-	-	-	-	-	-	-	-	41,947,426	13.59	41,947,426	13.59
ACE PAO	-	-	-	-	-	-	41,131,520	13.32	-	-	41,131,520	13.32

	Before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement						After the Proposed Acquisition and the Proposed Share Consolidation, but before the Proposed Compliance Placement					
	Direct Interest		Deemed Interest		Total Interest		Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%
JMR	-	-	-	-	-	-	14,839,271	4.81	-	-	14,839,271	4.81
Independent Shareholders					56,343,266	18.41					8,049,038	2.61
Total Shares					**305,982,583**	**100.00**					**308,708,863**	**100.00**

Notes:

(1) Messrs Teo Soo Chew, Teo Soo Kiat and Teo Chiang Khai are deemed to be interested in the shares held by SHC Capital Holdings Pte Ltd by virtue of their respective interests in See Hoy Chan Sdn. Berhad.

(2) Mr Serge Pun holds in aggregate (both direct and deemed) (1) approximately 36.2% shareholding interests in YSH, which owns the entire shareholding in YSIL; and (2) approximately 62.7% shareholding interests in FMI.

(3) YSH is deemed interested in the 167,078,848 Shares held by YSIL arising from its 100% interest in YSIL.

(4) See Hoy Chan Holdings Pte Ltd has a deemed interest in 249,639,317 shares arising from its 100% interest in SHC Capital Holdings Pte Ltd which holds 249,639,317 shares.

(5) See Hoy Chan Sdn. Berhad has a deemed interest in 249,639,317 shares arising from its 100% interest in See Hoy Chan Holdings Pte Ltd.

(6) Yangon Land Company Limited is deemed interested in the 41,947,426 Shares held by FMI arising from its 51.0% interest in FMI.

Based on the above illustration, we note that following the issuance of 264,997,065 Consideration Shares pursuant to the Proposed Acquisition, the number of Shares in issue will increase from 305,982,583 Shares (before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement) to 308,708,863 Shares (after the Proposed Acquisition and the Proposed Share Consolidation but before the Proposed Compliance Placement).

The Vendors' shareholding will increase from nil to approximately 85.84%. In addition, we note that the shareholdings of the existing Independent Shareholders will decrease from approximately 18.41% (before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement) to approximately 2.61% (after the Proposed Acquisition and the Proposed Share Consolidation but before the Proposed Compliance Placement). As such, the existing Independent Shareholders' ability to influence the outcome of any resolutions tabled in a general meeting will be significantly reduced after issuance of the Consideration Shares.

Shareholders should note that:

(a) the Key Resolutions are inter-conditional. This means that if any of the Key Resolutions are not approved, the other Key Resolutions will not be duly passed; and

(b) the ordinary resolutions relating to the appointments of the Proposed Directors, other than Mr Serge Pun and Mr Michel Novatin, and the ordinary resolution relating to the Proposed Share Issue Mandate, the Proposed Adoption of the Memories PSP and the Proposed Change of Independent Auditor are conditional upon the passing of the Key Resolutions.

The Key Resolutions are inter-conditional as the subject matter of ordinary resolution 1 (to approve the Proposed Acquisition), ordinary resolution 2 (to approve the Proposed Share Consolidation), ordinary resolution 3 (to approve the proposed allotment and issue of 264,997,065 Consideration Shares pursuant to the Proposed Acquisition), ordinary resolution 4 (to approve the proposed allotment and issue of up to 93,000,000 Company Placement Shares pursuant to the Proposed Compliance Placement), ordinary resolution 5 (to approve the Proposed Whitewash Resolution), ordinary resolution 6 (to approve the Proposed IPT Mandate) of the Key Resolutions are substantially related in connection with the Proposed Acquisition, while ordinary resolution 7 (to approved the proposed appointment of Mr Serge Pun to the New Board) and ordinary resolution 8 (to approve the proposed appointment of Mr Michel Novatin to the New Board), are necessary as Mr Serge Pun as the proposed Executive Chairman and Mr Michel Novatin as the Proposed CEO are key persons in the management of the Enlarged Group and special resolution 1 (to approve the Proposed Change of Name) is part of the Enlarged Group's strategy for the rebranding of the Enlarged Group and its business.

6.12. Implications of the Vendors' controlling interest in the Company

Shareholders should note that after completion of the Proposed Transactions (including the Proposed Acquisition) and issuance of the Consideration Shares, but before issuance of the Placement Shares, the shareholding of the Vendors in the Company will increase beyond 50%. In such event, the Vendors will be in a position to exercise statutory control of the Company and will be able to pass all ordinary resolutions on matters in which the Vendors do not have an interest in and which are tabled for Shareholders' approval at general meetings to be convened. As such their influence or voting rights in the Company can affect the outcome of any resolutions or corporate actions that the Company may contemplate after the Proposed Transactions (including the Proposed Acquisition), which may require the approval of Shareholders. Independent Shareholders' ability to influence the outcome of resolutions will be significantly reduced after the Proposed Transactions (including the Proposed Acquisition).

6.13. Moratorium Undertakings

The information regarding moratorium undertakings in connection with the Proposed Acquisition are set out in Section 13.4 of Part A of the Circular, which have been extracted from the Circular and are set out in italics below. We recommend that the Recommending Directors advise the Independent Shareholders to read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

*"**13.4 Moratorium***

*13.4.1**Original Moratorium***

YSIL and FMI

*Pursuant to Rule 422(1) of the Catalist Rules and to demonstrate their commitment to the Enlarged Group, each of YSIL, and FMI has irrevocably and unconditionally agreed and undertaken to our Company and the Sponsor not to, directly or indirectly, amongst others, sell, contract to sell, transfer, assign, dispose of, realise, pledge, grant any option to purchase or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any of part of its shareholdings interests in the Company immediately after Completion of the Proposed Acquisition for a period of six (6) months commencing from the date of resumption of trading of the Shares on the Catalist ("**Original Moratorium Period**"), and for a period of six (6) months after the Initial Period, not to, directly or indirectly, sell, contract to sell, transfer, assign, dispose of, realise, pledge, grant any option to purchase or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of its shareholding interests in the Company to below 50.0% of its original shareholdings interests in the Company immediately after Completion of the Proposed Acquisition (adjusted for any bonus issue or subdivision).*

JMR

Pursuant to Rule 422(1) of the Catalist Rules and to demonstrate his commitment to the Enlarged Group, JMR has irrevocably and unconditionally agreed and undertaken to our Company and the Sponsor not, directly or indirectly, amongst others, sell, contract to sell, transfer, assign, dispose of, realise, pledge, grant any option to purchase or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any of part of his shareholdings interests in the Company immediately after Completion of the Proposed Acquisition and the Proposed Compliance Placement for the Initial Period, and for a period of six (6) months after the Original Moratorium Period, not to, directly or indirectly, sell, contract to sell, transfer, assign, dispose of, realise, pledge, grant any option to purchase or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of his shareholding interests in the Company to below 50.0% of his original shareholdings interests in the Company immediately after Completion of the Proposed Acquisition and the Proposed Compliance Placement (adjusted for any bonus issue or subdivision).

Following the Completion of the Proposed Acquisition and the Proposed Compliance Placement, the number of Consideration Shares of YSIL, FMI and JMR which will be moratorised during the Original Moratorium Period are as follows:

Relevant Vendor Parties	***Number of Consideration Shares***	***Percentage of Enlarged Share Capital (%)***
YSIL	*167,078,848*	*41.6*
FMI	*41,947,426*	*10.4*
JMR	*7,439,271*	*1.9*
Total	***216,465,545***	***53.9***

ACE PAO

Pursuant to Rule 422(2) of the Catalist Rules and to demonstrate their commitment to the Enlarged Group, ACE PAO has irrevocably and unconditionally agreed and undertaken to our Company and the Sponsor not directly or indirectly, amongst others, sell, contract to sell, transfer, assign, dispose of, realise, pledge, grant any option to purchase or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of 20,445,836 of the Consideration Shares which the Corporate Vendor has directed to be issued to it for a period of 12 months commencing from the date of resumption of trading of the Shares on the Catalist Board (or such other period as may be required by the SGX-ST).

13.4.2Extended Moratorium

*For purposes of securing their undertaking to buy back the relevant Memories Business under their respective Buyback Undertakings for a cash amount equivalent to the purchase price paid by the Company for such Memories Business, YSIL and FMI (in relation to the BOB Business and the BL Business) and JMR (in relation to the HAL Business) have irrevocably and unconditionally agreed and undertaken to our Company and the Sponsor that for so long as any of the Potential Buyback Events as set out under the Buyback Undertaking in relation to a Memories Business relevant to it or him continues to be of possible application ("**Extended Moratorium Period**"), they shall not, directly or indirectly, amongst others, sell, contract to sell, transfer, assign, dispose of, realise, pledge, grant any option to purchase or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of such part of their Consideration Shares as set out below:*

Relevant Vendor Parties	***Number of Consideration Shares***	***Percentage of Enlarged Share Capital (%)***
YSIL	*97,877,327*	*24.4*
FMI	*41,947,426*	*10.4*
JMR	*6,817,373*	*1.7*
Total	***146,642,126***	***36.5***

The Extended Moratorium Period shall cease to apply to the relevant Consideration Shares in the event all of the Potential Buyback Events set out in the Buyback Undertaking in relation to the relevant Memories Business to which such Consideration Shares are attributable has ceased to be of possible application.

For the avoidance of doubt, in relation to any Consideration Shares held by YSIL, FMI or JMR (as the case may be):

(i) the operation of the Original Moratorium and the Extended Moratorium is administered on a standalone basis and is not dependent on the continuing application of each other;

(ii) the Extended Moratorium shall continue to be in force so long as any of the Potential Buyback Events continue to be of possible application, even if the Original Moratorium has ceased to apply. Likewise, the Original Moratorium shall continue to be in force even if the Extended Moratorium has ceased to apply;

(iii) during the period where both the Original Moratorium and the Extended Moratorium are in force and overlap, the higher amount of Consideration Shares that are subject to either of the Original Moratorium or the Extended Moratorium shall apply to each YSIL, FMI and JMR; and

(iv) in the case of JMR, the Original Moratorium Period and the Extended Moratorium Period shall not in any event apply to any Consideration Shares which he will be selling under the Proposed Compliance Placement.

13.4.3 Major Shareholder Moratorium Waiver

*The Company has, in connection with the Proposed Acquisition, on 17 November 2017, been granted the Major Shareholder Moratorium Waiver (as defined in Section 3 below) by the SGX-ST, waiving the requirement for SHC Capital Holdings Pte Ltd (the "**Major Shareholder**") to give contractual undertakings to the sponsor to observe a moratorium on the transfer or disposal of all its shares in the capital of the Company following the completion of the Proposed Acquisition ("**Moratorium Requirements**").*

*The Proposed Acquisition is a reverse takeover and subject to, inter alia, Rule 1015 of the Listing Manual, Section B: Rules of Catalist ("**Catalist Rules**"). Rule 1015(3)(b)(i) of the Catalist Rules provides, inter alia, that the moratorium requirements to be observed on the transfer or disposal of securities of an issuer and the applicable period of moratorium, must be complied with by "the persons who are existing controlling shareholders or who will become controlling shareholders of the issuer as a result of the asset acquisition".*

*As at the Latest Practicable Date, the Major Shareholder holds 249,639,317 Shares, which represents approximately 81.6% of the total issued and paid up capital of the Company. The Major Shareholder is wholly owned by See Hoy Chan Holdings Pte Ltd ("**SHCPL**") which is a wholly-owned subsidiary of See Hoy Chan Sdn. Berhad ("**SHCSB**"). Mr Teo Soo Chew, Mr Teo Soo Kiat and Mr Teo Chiang Khai (collectively "**Messrs Teo**") are deemed to be interested in the shares held by the Major Shareholder in the Company, by virtue of their respective interests in SHCSB.*

Accordingly, the Major Shareholder, SHCPL, SHCSB and Messrs Teo are the controlling shareholders of the Company as at the Latest Practicable Date, although they will cease to be the controlling shareholders of the Company as a result of, and following the completion of the Proposed Acquisition.

*The Company had via its sponsor, PPCF, applied to the SGX-ST on 17 November 2017 for a waiver from the compliance with Rule 1015(3)(b)(i) of the Catalist Rules in relation to the need for the Major Shareholder to comply with or observe the Moratorium Requirements in relation to all or any of the Shares held by the Major Shareholder as at the date of this announcement ("**Major Shareholder Moratorium Waiver**"), for the reasons as set out below:*

(a) the Major Shareholder is not considered to be a promoter of the incoming business (being the Memories Group) under the Proposed Acquisition given that (i) the Major Shareholder currently does not have any interests in the incoming business; and (ii) is not involved in the day to day management and operations of the incoming business;

(b) the Major Shareholder is not considered an investor of the Memories Group as it has not acquired any securities of the Memories Group;

(c) Upon completion of the Proposed Acquisition, the Major Shareholder will cease to be a controlling shareholder of the Company and will not have any board representation on the Company or any of its subsidiaries, and will not have any significant influence on the management or operations of the Enlarged Group; and

(d) As YSIL, FMI, JMR and ACE PAO, will provide moratorium undertakings to observe the relevant moratorium requirements, the rights of the public shareholders of the Company will accordingly be safeguarded.

The SGX-ST had on 17 November 2017 granted the Major Shareholder Moratorium Waiver, subject to the following conditions:

(a) an announcement of the waiver granted, stating the reasons for seeking the waiver and the conditions as per Catalist Rule 106;

(b) disclosure of the waiver granted and bases for seeking the waiver in the Circular; and

(c) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and its constituent documents."

6.14. Proposed Compliance Placement

Under Rule 724 of the Catalist Rules, the SGX-ST may suspend trading of the Shares if less than 10.0% of the issued and paid-up share capital of the Company is held in the hands of the Public. The SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of issued and paid-up share capital of the Company in the hands of the Public to at least 10.0%.

In addition, the Company is required to comply with Rule 1015(3)(a) read with Rule 406(1) of the Catalist Rules, where at least 15.0% of the issued and paid-up share capital of the Company must be held in the hands of at least 200 shareholders who are members of the public ("**Minimum Public Float**").

Subject to and on Completion, it is envisaged that the Relevant Vendor Parties, together with the Major Shareholder, will hold more than 85.0% of the enlarged share capital of the Company upon Completion.

In that event, the Company will not meet the shareholding spread and distribution requirements set out in the Catalist Rules. Accordingly, in connection with the Proposed Acquisition, the Company is required under the Catalist Rules to place out Shares to satisfy the minimum distribution and shareholding spread requirements of 15.0% of the Company's enlarged share capital to be held by 200 shareholders who are members of the public on Catalist following Completion and the issue price for any Shares to be placed out (after the Proposed Share Consolidation) shall not be less than S$0.20 ("**Minimum Issue Price**").

To meet the Minimum Public Float and to raise funds for the Business following Completion, it is contemplated that there will be a placement ("**Proposed Compliance Placement**") of up to 100,400,000 Consolidated Shares ("**Placement Shares**") as follows:

(i) the allotment and issue of the Company Placement Shares of up to 93,000,000 new Consolidated Shares by the Company; and

(ii) the Placement Vendor selling of up to 7,400,000 Consideration Shares ("**Vendor Placement Shares**").

provided that the final number of Vendor Placement Shares to be sold under the Proposed Compliance Placement shall be mutually agreed between the Placement Vendor, the Company and the Placement Agent, and any Vendor Placement Shares not sold by the Placement Vendor under the Proposed Compliance Placement may be replaced with Company Placement Shares to be issued by the Company under the Proposed Compliance Placement.

Shareholders should note that the number of Placement Shares to be placed or sold will depend on various factors such as market conditions, as well as potential investors' interest in the Shares of the Company upon Completion, and there is no certainty or assurance that the Company will be able to place out all or any of the Company Placement Shares and raise the requisite gross proceeds therefrom.

The Company and the Placement Vendor had appointed PPCF (as defined in the Circular) as the placement agent for the Proposed Compliance Placement ("**Placement Agent**"). As at the Latest Practicable Date, the terms of the Proposed Compliance Placement have yet to be finalised pending the entry by the Company and the Placement Vendor into a definitive placement agreement with the

Placement Agent for the placement by the Company and the Placement Vendor of the Placement Shares pursuant to the Proposed Compliance Placement.

Shareholders' approval will be sought at the EGM for the allotment and issue of the Company Placement Shares, on such terms as may be determined by the Directors or the Proposed Directors including, without limitation, the issue price of the Company Placement Shares. The issue price or purchase price of each Placement Share to be offered under the Proposed Compliance Placement shall be determined by the Company and the Placement Vendor in consultation with the Financial Adviser, Sponsor and the Placement Agent, but in any event, shall not be less than the Minimum Issue Price.

Shareholders should note that the terms and timing of the Proposed Compliance Placement, if and when they occur, would depend on various factors such as market conditions as well as the entry into a placement agreement on terms and conditions acceptable to the Company, the Placement Vendor and the Placement Agent.

7. PROPOSED IPT MANDATE

7.1. General

The Company wishes to seek Shareholders' approval for the Proposed IPT Mandate pursuant to Part VIII of Chapter 9 of the Catalist Rules. The Proposed IPT Mandate assumes that Completion of the Proposed Acquisition has taken place. Subject to Shareholders' approval, the Proposed IPT Mandate shall be effective upon Completion of the Proposed Acquisition and shall continue in force until the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is earlier.

Chapter 9 of the Catalist Rules allows a listed company to obtain a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials that may be carried out with the listed company's interested persons. These transactions may not include the purchase or sale of assets undertakings or businesses.

Pursuant to Rule 920(2) of the Catalist Rules, the Company may treat a general mandate as having been obtained from its Shareholders for the Company to enter into interested person transactions with its interested persons, if the information required under Rule 920(1)(b) of the Catalist Rules is included in the Circular. In relation to the Company, the information required by Rule 920(1)(b) of the Catalist Rules is as follows:

(a) the class of interested persons with which the entity at risk will be transacting;

(b) the nature of the transactions contemplated under the mandate;

(c) the rationale for, and benefit to, the entity at risk;

(d) the methods or procedures for determining transaction prices;

(e) the independent financial adviser's opinion on whether the methods or procedures in (d) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the interests of its minority Shareholders;

(f) an opinion from the Audit Committee of the Company upon Completion ("**New Audit Committee**") if it takes a different view to the independent financial adviser;

(g) a statement from the Company that it will obtain a fresh mandate from its Shareholders if the methods or procedures in (d) above become inappropriate; and

(h) a statement that the interested person will abstain, and has undertaken to ensure that its Associates (as defined in the Circular) will abstain, from voting on the resolution approving the transaction.

The Proposed IPT Mandate will not cover any transaction which has a value below S$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Catalist Rules would not apply to such transactions.

Transactions conducted under the Proposed IPT Mandate are not separately subject to Rules 905 and 906 of the Catalist Rules pertaining to threshold and aggregation requirements.

7.2. Rationale for and benefits of the Proposed IPT Mandate to the Enlarged Group

The rationale for and benefits of the Proposed IPT Mandate to the Enlarged Group has been extracted from Section 15.2.3 and 15.2.4 of Part A of the Circular and are set out in italics below. We advised the Recommending Directors to read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

"*15.2.3 Rationale for the Proposed IPT Mandate*

It is anticipated that the Company would, on and after the Completion and in the ordinary course of business, continue to enter into certain transactions with the Interested Persons, including but not limited to those categories of transactions described below.

As some of the Interested Persons operate or own interests in businesses that are complementary to the Enlarged Group's businesses in operating tourism and hospitality assets or businesses in Myanmar, certain transactions (as more particularly described in Section 15.2.6 of Part A of this Circular) between the relevant Interested Persons (as set out in Section 15.2.5 of Part A of this Circular) and the Enlarged Group have occurred in the past and would continue to occur from time to time. The Enlarged Group intends to continue to enter into transactions with these Interested Persons so long as it is carried out on arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders.

The Proposed IPT Mandate has been reviewed and recommended by the Proposed Directors.

In view of the foregoing and the benefits of the Proposed IPT Mandate to Shareholders (as described in Section 15.2.4 of Part A of this Circular), the Directors are seeking Shareholders' approval for the Proposed IPT Mandate for the Enlarged Group to enter into the Mandated IPTs with the classes of Interested Persons set out in Section 15.2.5 of Part A of this Circular under Ordinary Resolution 6 at the EGM.

15.2.4 Benefits of the Proposed IPT Mandate

*Having reviewed the class of Interested Persons covered under the Proposed IPT Mandate as set out in Section 15.2.5 of Part A of this Circular, the scope and categories of interested person transactions covered under the Proposed IPT Mandate as set out in Section 15.2.6 of Part A of this Circular and the procedures for the review and approval of Mandated IPTs under the Proposed IPT Mandate as set out in Section 15.2.7 of Part A of this Circular ("**Review Procedures**"), as well as the advice of the Independent Financial Adviser in relation to the Proposed IPT Mandate as set out in the IFA Letter, the Proposed Directors believe that the Proposed IPT Mandate is in the interests of Enlarged Group for the following reasons:*

(a) Mr Serge Pun, YSIL, FMI, SPA Myanmar and certain of their respective Associates own interests in and/or operate businesses in various sectors, including namely (i) investing in, developing and constructing properties, including hotels or resorts; (ii) providing technical, management and other project consultancy or other services in respect of developments and construction of properties, including hotels and resorts; and (iii) operating and

managing serviced apartments and residences. Part of the businesses owned and/or operated by these Interested Persons are complementary to the businesses of the Enlarged Group and as such, business relations with such Interested Persons provide many opportunities for the Enlarged Group to leverage their wide spectrum of businesses, many of which are able to add value to the Memories Businesses, and on the products and services provided to or supplied by these Interested Persons.

(b) The Proposed IPT Mandate will allow the Enlarged Group to take advantage of such opportunities efficiently without incurring additional administrative costs in relation thereto. The Enlarged Group will also benefit from having access to competitive quotes from the Interested Persons under the ambit of the Proposed IPT Mandate in addition to obtaining quotes from, or transacting with, non-Interested Persons.

(c) The renewal of the Proposed IPT Mandate on an annual basis would eliminate the need for the Company to announce, or to announce and convene separate general meetings from time to time to seek Shareholders' prior approval as and when potential interested person transactions with a specific class of Interested Persons arise, thereby reducing substantial administrative time-costs and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Enlarged Group. In addition, this will considerably improve administrative efficacy.

(d) The Proposed IPT Mandate is intended to facilitate the interested person transactions in the ordinary course of business of the Enlarged Group which the Directors envisage are likely to be transacted with some frequency from time to time with the Interested Persons, provided that they are carried out at arm's length and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders."

7.3. Classes of Interested Persons

As set out in Section 15.2.5 of Part A of the Circular, the Proposed IPT Mandate will apply to the transactions that are carried out between any entity at risk and the following Interested Persons:

(a) Mr Serge Pun and his Associates;

(b) YSIL and its Associates (comprising YSH, and its subsidiaries and such other companies in which YSH, YSIL and their subsidiaries hold directly or indirectly interests of 30.0% or more);

(c) FMI and its Associates; and

(d) SPA Myanmar and its Associates.

Transactions between these Interested Persons and the Enlarged Group which do not fall within the ambit of the Proposed IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules. In particular, if such transactions are of an aggregate value equal to or more than 5.0% of the Enlarged Group's latest audited NTA, future transactions of such a nature will be subject to the Shareholders' approval.

The Proposed IPT Mandate will not cover any transaction which has a value below S$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Catalist Rules would not apply to such transactions.

Further details on the Interested Persons of the Enlarged Group are also set out in Section 10 of Part B of the Circular.

7.4. Scope of and categories of Interested Person Transactions

As set out in Section 15.2.6 of Part A of the Circular, the types of transactions (the "**Mandated IPTs**") with the relevant Interested Persons to which the Proposed IPT Mandate applies are set out below:

(a) Obtaining of design, construction, renovation, project management relating to construction and development and other related services ("**Construction Services IPTs**")

The Enlarged Group may requisition design, construction, renovation, building maintenance, project management and other related services in relation to its hotels, offices and other facilities from the Interested Persons, including but not limited to SPA D&P which currently is the project manager for Pun Hlaing Lodge. SPA D&P and other Associates of the YSH Group can provide a one-stop solution to some of the Enlarged Group's design and construction needs due to their track record in providing such design, construction and project management services.

The design, construction, renovation, building maintenance, project management relating to construction and development and other related services which may be provided by the Interested Persons include:

(i) piling services, including pile production and foundation piling works;

(ii) construction services including supply of raw materials for construction, finishing work, interior decoration, doors, windows, trusses and equipment for construction;

(iii) design and architectural services, including landscaping, design, architecture, structure and building services; and

(iv) project management services, construction management and land survey services in respect of residential, commercial and industrial properties.

(b) Leasing and sub-leasing of properties and land and related agency services ("**Leasing IPTs**")

For operational synergy and economic efficiencies, the Enlarged Group may from time to time share, lease and/or sub-lease premises (including office and operational areas) with/from the Interested Persons, and vice versa.

In connection with such sharing, leasing or sub-leasing of premises, the Enlarged Group may also obtain related services from, or provide related services to, the Interested Persons.

(c) General transactions ("**General IPTs**")

(i) Obtaining and/or provision of hotel, serviced residence and accommodation services.

The Interested Persons operate and manage certain accommodation services, including serviced residences in Pun Hlaing Estate and StarCity, Thanlyin in Yangon. The Enlarged Group may engage such hotel, serviced residence and accommodation services from the Interested Persons from time to time for the lodging of its employees, clients and advisers.

In addition, the Enlarged Group may also provide accommodation services under its Hotels Segment to its Interested Persons from time to time.

(ii) General sales and supply transactions for the supply, purchase and/or distribution of raw materials, finished goods and services

The Enlarged Group may from time to time purchase such services and supplies from the Interested Persons. This includes DMC-related services purchased by the DMC Business from Interested Persons, including without limitation FMI Air Limited (such transactions, the "**FMI Air IPTs**") and Yoma Fleet Limited. The Enlarged Group may also purchase from time to time raw materials, finished goods and other services, or which some of the supplies may come from Interested Persons.

In addition, it is also contemplated that the Interested Persons may from time to time purchase such services and supplies from the Enlarged Group.

(d) Obtaining and/or provision of management and support services ("**Support Services IPTs**")

The Enlarged Group may, from time to time, receive management and support services from, or provide management and support services to, its Interested Persons in the areas of finance, branding, marketing, corporate secretarial, strategic development, management information systems, human resources management and development, information technology support (including computer repair, maintenance and the maintenance of any network systems) and property security. By having access to and providing such support, the Enlarged Group will derive operational and financial leverage in its dealings with third parties as well as benefits from the network of its Interested Persons.

(e) Financing and treasury transactions ("**Finance IPTs**")

The Enlarged Group may receive financing services and support such as (i) the placement of funds with Interested Persons, in particular Yoma Bank, which is a privately owned commercial bank with one of the largest networks in Myanmar; (ii) the receipt of financial services, namely cash management for payroll services and domestic and international remittances from Interested Persons; as well as (iii) receiving bank guarantees and services in relation to provision of letters of credit from Interested Persons to help the Enlarged Group. In connection with such financing transactions, the payment of ordinary transaction charges, commission for the provision of bank guarantees or letters of credit may be made to Interested Persons from time to time. In addition interest payments may be made by the Interested Persons to the Enlarged Group from time to time.

Specifically, the Enlarged Group may deposit cash or open bank accounts with Yoma Bank, appoint Yoma Bank to provide cash management for payroll services and deal with Yoma Bank for domestic and international remittances, provided that the amount of cash and cash equivalents deposited with Yoma Bank shall not exceed 20.0% of the Memories Group's total cash and cash equivalents ("**Yoma Bank Limit**").

7.5. Guidelines and review Procedures for the Mandated IPTs

To ensure that the Mandated IPTs are conducted at arm's length and on normal commercial terms consistent with the Enlarged Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties, and will not be prejudicial to the interests of the Company and its minority Shareholders, the Enlarged Group will adopt the following procedures for the review and approval of Mandated IPTs under the Proposed IPT Mandate.

Any reference to the "Chief Financial Officer" in the following review procedures shall mean the Chief Financial Officer ("**CFO**") or such other officer of at least equivalent rank or designation of the Company for the time being which may include the Chief Executive Officer and other Executive Directors of the Company (except that such parties shall abstain if they or their Associates have any interests in such transactions).

(a) Construction Services IPTs, General IPTs and Support Services IPTs

(i) Obtaining of Construction Services IPTs, General IPTs and Support Services IPTs

(A) In order to ensure that the interests of the Group or the Minority Shareholders are not disadvantaged, comparison will be made with at least two (2) quotations from unrelated third party(ies) as a basis for comparison, from independently verifiable and reliable sources as approved by the New Audit Committee from time to time ("**Approved Independent Sources**"), with advice from relevant employees of the

Company with management responsibilities comprising personnel from the finance department and other relevant departments. Additionally, the Group will, to the extent practicable, take steps to ensure that the terms extended by interested persons to entity at risk are no less favourable than the terms offered by interested persons to third parties.

The list of Approved Independent Sources will be maintained by the relevant departments and reviewed by the New Audit Committee periodically. The rates/prices of the service or product providers, after taking into account factors mentioned in paragraph (a) above, shall not be less favourable than the two (2) other quotations (whatever possible or available) from the Approved Independent Sources. In determining the most competitive rates/price, all pertinent factors, including but not limited to the purchase prices, order quantity, product quality, standard of services, reliability, industry norms (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry), experience and expertise, customer requirements, product specifications, delivery schedule, delivery cost, track record, the speed of and cost for timely response and mobilization, credit terms, specifications, scope, size, complexity and resources required for implementation of the projects for which the Interested Persons are providing products or services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions and array of services including its specialists nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks will be taken into consideration; and

(B) In the event where it is impractical or impossible to obtain comparable prices of similar transactions or products or services reasonably contemporaneous in time due to the nature of the products to be purchased or services to be obtained, the Chief Operating Officer or an equivalent senior executive or a director of the relevant company of the Enlarged Group (who has no interest, direct or indirect, in the transaction), will subject to the procedures and approval thresholds in Section 7.5(d) below, take such necessary steps which would include but is not limited to (1) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the terms provided to the Interested Persons are fair and reasonable; and (2) evaluate and weigh benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transactions are in accordance with applicable industry norms and/or are not prejudicial to the Company, taking into account qualitative and quantitative factors such as, but not limited to factors such as the purchase price, order quantity, product quality, standard of services, reliability, industry norms (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practiced within the applicable industry), experience and expertise, customer requirements, product specifications delivery schedule, delivery cost, track record, the speed of and cost for timely response and mobilisation, credit terms, specifications, scope, size, complexity and resources required for implementation of the projects for which the Interested Persons are providing products or services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions and array of services including its specialists nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks will be taken into consideration.

(ii) Provision of General IPTs and Support Services IPTs:

(A) When selling any products or supplying any services to an Interested Person, the price or fee or profit margins and terms of two (2) other successful transactions of a similar nature (or comparable nature) with non-Interested Persons will be used as comparison to ensure that the interests of the Enlarged Group or the Minority Shareholders are not disadvantaged. The price or fee or margin for the supply of

products or services shall not be lower than the lowest price or fee of the two (2) other successful transactions with non-Mandated Interested Persons, taking into account all pertinent factors, including but not limited to the order quantity, industry norms (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry), delivery costs, schedules, specification compliance, track record and experience will also be taken into consideration; and

(B) In the event where it is impractical or impossible to obtain comparable prices of similar transactions or products or services reasonably contemporaneous in time due to the nature of the products to be sold or services to be provided, the Chief Operating Officer or an equivalent senior executive or a director of the relevant company of the Enlarged Group (who has no interest, direct or indirect, in the transaction), will subject to the procedures and approval thresholds in Section 7.5(d) below, take such necessary steps which would include but is not limited to (1) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the terms provided to the Interested Persons are fair and reasonable; and (2) evaluate and weigh benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transaction are in accordance with applicable industry norms and/or are not prejudicial to the Company, taking into account all pertinent factors, including but not limited to the order quantity, industry norms (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry), delivery costs, schedules, specification compliance, track record and experience will also be taken into consideration.

(iii) Sales and provision of products or services to Interested Persons

(A) Selling prices will be determined with reference to a standard price list in relation to the sales of such products or the provision of such services to unrelated third parties ("**Standard Price**"), such list to be approved by the Chief Operating Officer or an equivalent senior executive. Should there be any variation between the selling price and the Standard Price, the extent to which the selling price deviates from the Standard Price and the reasons for such variation will be analysed and shall be subject to the approval of the Chief Operating Officer or an equivalent senior executive or a director of the relevant company of the Enlarged Group (who has no interest, direct or indirect, in the transaction) and the procedures and approval thresholds in Section 7.5(d) below.

The CFO or such other independent executive officer of the Company as appointed by the New Audit Committee shall review the said Standard Price List together with the volume and quantum of the Mandated IPTs as well as the selling prices for similar products and services provided to the non-Interested Person on a regular basis (at least on a quarterly basis or such other period as may be approved by the New Audit Committee) and in the event there are material variations or update, the CFO or such other independent executive officer of the Company as appointed by the New Audit Committee shall escalate and, where applicable, propose any change deemed necessary to the New Audit Committee. The New Audit Committee will consider the revision of the said Standard Price List and/or the review procedures as and when necessary and appropriate.

The New Audit Committee shall review and approve the Standard Price List together with the volume and quantum of the Mandated IPTs as well as the selling prices for similar products and services provided to the non-Interested Person on a regular basis (at least on a quarterly basis or such other period as may be approved by the New Audit Committee); and

(B) In the event where the Standard Price is not available due to the unique nature of the product to be sold or service to be provided, the Chief Operating Officer or an equivalent senior executive or a director of the relevant company of the Enlarged Group (who has no interest, direct or indirect, in the transaction), will subject to the procedures and approval thresholds in Section 7.5(d) below, take such necessary steps which would include but is not limited to (1) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the terms provided to the Interested Persons are fair and reasonable; and (2) evaluate and weigh benefits of and rationale for transacting with the Interested Persons to ensure that the terms of the transaction are in accordance with applicable industry norms including, where applicable, preferential to the Company, taking into account all pertinent factors, including but not limited to the order quantity, industry norms (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry), delivery costs, schedules, specification compliance, track record and experience will also be taken into consideration.

(iv) Purchases of products or services from Interested Persons

(A) In determining whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by unrelated third parties to the Enlarged Group for the same or substantially similar type of product or service, the management of the relevant company in the Enlarged Group will obtain at least two (2) other quotations from unrelated third party vendors or suppliers for a similar or substantially similar type of product or service as bases for comparison (save that in relation to the FMI Air IPTs, the management of the relevant company in the Enlarged Group will, on an annual basis, obtain at least two (2) other quotations from unrelated third party vendors or suppliers for a similar or substantially similar type of product or service as bases for comparison) for the purposes of determining whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by unrelated third parties to the Enlarged Group. In determining the most competitive rates/prices, all pertinent factors, including but not limited to the purchase price, order quantity, product quality, standard of services, reliability, industry norms (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry), experience and expertise, customer requirements, product specifications, delivery schedule, delivery cost, track record, the speed of and cost for timely response and mobilization, credit terms, specifications, scope, size, complexity and resources required for implementation of the projects for which the Interested Persons are providing products or services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions and array of services including its specialists nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks will be taken into consideration. Additionally, the Group will, to the extent practicable, take steps to ensure that the terms extended by interested persons to entity at risk are no less favourable than the terms offered by interested persons to third parties.

(B) In the event where it is impractical or not possible for such quotations to be obtained (for example, where there are no unrelated third party vendors or suppliers of a similar type of product or service, or the product or service is proprietary), such transaction may only be entered into with approval from any one of the Proposed Directors of the New Audit Committee with no interest, direct or indirect in the Mandated IPTs. Such Directors of the New Audit Committee will, subject to the procedures and approval thresholds in Section 7.5(d) below, take such necessary steps which would include but is not limited to (1) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the

terms provided to the Interested Persons are fair and reasonable; and (2) evaluate and weigh benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transaction are in accordance with applicable industry norms and/or are not prejudicial to the Company, taking into account all pertinent factors, including but not limited to the order quantity, industry norms (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry), delivery costs, schedules, specification compliance, track record and experience will also be taken into consideration.

(b) Leasing IPTs

(i) Rental of premises to or from Interested Persons

(A) The Enlarged Group will only enter into the leasing of premises to and from Interested Persons if the rent payable is in line with, or more favourable to the Enlarged Group than, prevailing market rental rates for comparable spaces. In relation to the rental of premises from the Interested Persons, the Enlarged Group will obtain at least two (2) other quotations from unrelated third party landlords for a comparable space in similar locations or within the vicinity. Additionally, the Group will, to the extent practicable take steps to ensure that the terms extended by interested persons to entity at risk are no less favourable than the terms offered by interested persons to third parties.

(B) Where it is impractical or not possible to obtain prevailing market rental rates for comparable spaces, a director of the relevant company of the Enlarged Group (who has no interest, direct or indirect, in the transaction) will:

(i) in relation of the rental of premises from the Interested Persons, ensure that the price and terms offered to the Enlarged Group are fair and reasonable and that transaction would be conducted on normal commercial terms and arm's length basis, taking into account qualitative and quantitative factors such as, but not limited to location and facilities available; and

(ii) in relation of the rental of premises to the Interested Persons, determine the rent payable in accordance with industry norms and consistent with the usual business practices and pricing policies of the relevant company of the Enlarged Group.

(c) Finance IPTs

(i) The following procedures will be undertaken to supplement the internal systems of the Enlarged Group to ensure that the finance and treasury transactions are undertaken with Interested Persons on an arm's length basis and on normal commercial terms.

(A) In relation to the placement of funds with the Interested Person, subject to the Yoma Bank Limit, the Company will enter into such arrangements if the interest payable is in line with, or more favourable to the Enlarged Group than, prevailing market interest rates and transaction fees arising from such arrangements;

(B) The Company will require that prior to making any commitment to a transaction to engage any cash management for payroll or remittance services, quotations shall be obtained from such Interested Person and at least two (2) unrelated third party banks (as approved by the New Audit Committee) for rates of deposits/charges/commissions with such banks of an equivalent amount, and for the equivalent period, of the funds to be placed by the Enlarged Group, the cash management for payroll services, the remittance services to be provided to the Enlarged Group. The Enlarged Group will only place its funds or engage such

services with such Interested Person, provided that the terms quoted are not less favourable than the terms quoted by such banks.

(C) The CFO and/or the financial controller of the Company (the "**Financial Controller**") shall monitor (on at least on a half-yearly basis) and obtain new quotations from two (2) unrelated third party banks for rates of deposits/charges/commissions with such banks of an equivalent amount, and for the equivalent period, of the funds to be placed by the Enlarged Group, the cash management for payroll services, the remittance services to ensure that the terms of the Interested Person remain not less favourable than the terms quoted by such banks; and

(D) In the event where it is impractical or not possible for such quotations to be obtained (for example, where there are no independent third party banks providing rates of deposits/charges/commissions with such banks of an equivalent amount), such transaction may only be entered into with approval from any one of the Directors of the Audit Committee with no interest, direct or indirect in the Mandated IPT. Such Directors of the New Audit Committee will, subject to the procedures and approval thresholds in Section (d) below, take such necessary steps which would include but is not limited to (1) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the terms provided to the Interested Persons are fair and reasonable; and (2) evaluate and weigh benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transactions are in accordance with applicable industry norms and/or are not prejudicial to the Company, taking into account all pertinent factors, including the consistency with the usual business practices, pricing, track record and experience, and the scope, size and complexity of the needs of the Enlarged Group.

(E) The CFO and/or the Financial Controller of the Company will maintain a separate register for transactions carried out with Interested Persons. This register shall be submitted to the New Audit Committee for review on a quarterly basis to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules) are complied with, in particular, to consider the economic and commercial substance of the transactions and be satisfied that the transactions are on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

(d) Approvals and review thresholds

In addition to the above guidelines and review procedures, the following approval procedures in respect of Construction Services IPTs, General IPTs (including the FMI Air IPTs), Support Services IPTs, Leasing IPTs and Finance IPTs will be implemented to supplement the internal systems of the Enlarged Group to ensure that the Mandated IPTs carried out under the Proposed IPT Mandate are undertaken on an arm's length basis and on normal commercial terms:

In relation to all Mandated IPTs other than Construction Services IPTs entered into in connection with the construction of the Pun Hlaing Lodge:

Individual or aggregate value of the IPTs	**Required approval prior to making any commitment to the transaction**
Greater than or equal to S$100,000 but less than or equal to 3.0% of the Enlarged Group's latest audited consolidated NTA	(1) Director of the relevant company in the Enlarged Group; and (2) Company's Chief Executive Officer or Director (who shall not be an Interested Person in respect of the particular transaction)
Greater than 3.0% but less than or equal to 5.0% of the Enlarged Group's latest audited consolidated NTA	(1) Company's Chief Executive Officer or Director (who shall not be an Interested Person in respect of the particular transaction); and (2) A majority of the members of the New Audit Committee (excluding any person who shall be an Interested Person in respect of the particular transaction)
Greater than 5.0% of the Enlarged Group's latest audited consolidated NTA	A majority of the members of the New Audit Committee (excluding any person who shall be an Interested Person in respect of the particular transaction)

In relation to Construction Services IPTs entered into in connection with the construction of the Pun Hlaing Lodge:

Individual or aggregate value of the IPTs	**Required approval prior to making any commitment to the transaction**
Less than S$500,000	The approval of the director of the relevant company in the Enlarged Group (who shall not be an Interested Person in respect of the particular transaction).
Greater than or equal to S$500,000 but less than or equal to 3.0% of the Enlarged Group's latest audited consolidated NTA	(1) The approval of the director of the relevant company in the Enlarged Group; and (2) Verification and confirmation by the Company's Chief Executive Officer or Director (who shall not be an Interested Person in respect of the particular transaction) prior to making any commitment to the transaction.
Greater than 3.0% but less than or equal to 5.0% of the Enlarged Group's latest audited consolidated NTA	(1) Company's Chief Executive Officer or Director (who shall not be an Interested Person in respect of the particular transaction); and (2) A majority of the members of the New Audit Committee (excluding any person who shall be an Interested Person in respect of the particular transaction).
Greater than 5.0% of the Enlarged Group's latest audited consolidated NTA	A majority of the members of the New Audit Committee and the Board of Directors (excluding any person who shall be an Interested Person in respect of the particular transaction) prior to making any commitment to the transaction.

(e) Additional Controls

In addition to the review and approval procedures set out above, the following will also be implemented:

(i) The CFO and/or the Financial Controller will maintain a register of Mandated IPTs carried out with Interested Persons pursuant to the Proposed IPT Mandate, including those of value below S$100,000 (the "**IPT Register**"). The IPT Register will record the basis for entering into the Mandated IPTs including but not limited to, including the quotations and supporting evidence or records or details obtained to support such basis, on which they were entered into as well as the approving authority. The IPT Register shall be prepared, maintained, monitored and reviewed on a monthly basis, by both the CFO and the Financial Controller who are not Interested Persons. This is to ensure that they are carried out on normal commercial terms and in accordance with the guidelines and review procedures in the Proposed IPT Mandate. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction(s) and its supporting documents or such other data deemed necessary by the New Audit Committee. In addition, any exceptions or deviations from the procedures shall be reported and highlighted to the Audit Committee immediately.

(ii) The CFO will obtain signed letters of confirmation from key management personnel, Controlling Shareholders and the Proposed Directors on a periodic basis (of not more than half yearly) with respect to their interest in any transactions with the Enlarged Group.

(iii) The CFO will maintain a list of the Directors and Controlling Shareholders and their Associates (which is to be updated immediately if there are any changes) to enable identification of Interested Persons. The master list of Interested Persons which is maintained shall be reviewed by the New Audit Committee on at least on half yearly basis;

(iv) The Enlarged Group's annual or periodic (such periods to be decided by the New Audit Committee) internal audit plan shall incorporate a review of all Interested Person Transactions (where applicable), including the established review procedures for monitoring of such Interested Person Transactions, entering into during the current financial year pursuant to the Proposed IPT Mandate. The approving authority in the approval thresholds as set out in Section 7.5(d) of this Letter may be delegated with the approval in writing of the New Audit Committee, the basis shall also be set out in such approval in writing of the New Audit Committee.

(v) The Company shall, on a periodic basis (at least on a quarterly basis), report to the New Audit Committee on all Mandated IPTs and the basis of such transactions, entered into with Interested Persons to ensure that they are carried out on normal commercial terms and in accordance with the guidelines and review procedures in the Proposed IPT Mandate. The New Audit Committee shall periodically review such Mandated IPTs except where any Mandated IPTs require the approval of the New Audit Committee prior to the transaction. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction(s) and its supporting documents or such other data deemed necessary by the New Audit Committee. The New Audit Committee shall, when it deems fit, have the right to require the appointment of independent sources, advisers and/or valuers to provide additional information or review of controls and its implementation pertaining to the transactions under review;

(vi) In the event that a member of the New Audit Committee is interested in any Mandated IPTs, he shall abstain from participating in the review and approval of that particular transaction;

(vii) The Enlarged Group's internal auditor shall, on at least on half-yearly basis or such other periods as required by the New Audit Committee, subject to adjustment in frequency, depending on factors such as, *inter alia*, substantial increment of aggregate transactional value, report to the New Audit Committee on all Mandated IPTs, and the bases of such transactions, entered into with Interested Persons during the preceding period. Except where the Mandated IPTs concerned are required under the review procedures to be reviewed and approved by the New Audit Committee prior to the entry thereof, the New Audit Committee shall review such all other Mandated IPTs at its periodic meetings (which shall be held at least four (4) times a year, or at such other frequency as decided by the Audit Committee);

(viii) The New Audit Committee will conduct periodic reviews at least on a quarterly basis of the review procedures for the Mandated IPTs. If during these periodic reviews by the New Audit Committee, the New Audit Committee is of the view that the guidelines and review procedures for Mandated IPTs have become inappropriate or insufficient in the event of changes to the nature of, or the manner in which, the business activities of the Enlarged Group or the Interested Persons are conducted, new guidelines and procedures will be set so that Mandated IPTs will be carried out on arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders and the Company will seek a fresh mandate from Shareholders based on such new guidelines and procedures. All Mandated IPTs will be reviewed and approved by the New Audit Committee prior to entry while a fresh general mandate is being sought from the Shareholders; and

(ix) The New Audit Committee will review the letters of confirmation from key management personnel, the Controlling Shareholders and the Proposed Directors of the Company and all Interested Person Transactions on a periodic basis (which shall be at least on quarterly basis) and the outcome of such review shall be minuted.

For the purpose of the above review and approval process, any Director, who has an interest in the Mandated IPTs under review and is not considered independent, will abstain from voting on any resolution relating to the Mandated IPTs and/or abstain from participating in the New Audit Committee's decision during its review of the established review procedures for the Mandated IPTs or during its review or approval of any Mandated IPTs.

7.6. Disclosure

In accordance with Chapter 9 of the Catalist Rules, the Company will:

(a) disclose the Proposed IPT Mandate and the aggregate value of the Mandated IPTs conducted pursuant to the Proposed IPT Mandate in the annual report for financial year during which the Proposed IPT Mandate is in force.

(b) announce the aggregate value of the Mandated IPTs conducted pursuant to the Proposed IPT Mandate for each relevant financial period, which it is required to report on pursuant to the Catalist Rules, within the time required for the announcement of such report. These disclosures will be made in the form required under Chapter 9 of the Catalist Rules.

The name of the Interested Person and the corresponding aggregate value of the IPTs will be presented in the following format:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)

If during the periodic reviews by the New Audit Committee, the New Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or manner in which, the business activities of the Enlarged Group are conducted, the Company will obtain a fresh mandate from the Shareholders based on new guidelines and review procedures to ensure that Mandated IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

7.7. Expiry and Renewal of the Proposed IPT Mandate

If approved by Shareholders at the EGM, the Proposed IPT Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in general meeting) continue in force until the next annual general meeting of the Company.

Approval from Shareholders will continue to be sought for the modifications to, and renewal of, the Proposed IPT Mandate at the next annual general meeting and at each subsequent annual general meeting of the Company, subject to the satisfactory review by the New Audit Committee of its continued application to the Mandated IPTs.

8. OPINION

8.1. PROPOSED WHITEWASH RESOLUTION

In arriving at our recommendation, we have reviewed and examined all factors which we have considered to be pertinent in our assessment of the Proposed Whitewash Resolution, including the views of and representations by the Directors and, where applicable, the Memories Group Directors. Our recommendation or opinion is by no means an indication after completion of the Proposed Transactions, of the merits, prospects, financial performance and position of the Company or the Group or MM Myanmar or the Memories Group or the Enlarged Group or whether MM Myanmar or the Memories Group or the Enlarged Group can improve their financial position and performance, and cash flow or that the anticipated benefits from the Proposed Acquisition can be realised (as the case may be) or the prices at which the Shares would trade after the completion of the Proposed Transaction. Our views, recommendation and opinion are necessarily limited and subject to the matters stated in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

(a) The rationale for the Proposed Acquisition. We note from Section 2.2 of Part A of the Circular that the Proposed Acquisition, if completed by the Company, will provide the Company with an opportunity to venture into a business with the potential for growth in the emerging market of Myanmar and accordingly, it is in the interests of the Company and its Shareholders to complete the Proposed Acquisition. If the Proposed Acquisition is not completed, the Company will have to be delisted pursuant to Rule 1017 of the Catalist Rules and, in the absence of an exit cash offer by any party, the Company intends to undergo a voluntary liquidation and be wound up and dissolved thereafter.

(b) The historical financial performance and position of the Group. Save for FY2014 whereby the Company recorded profit after tax of approximately S$66.6 million due to the one-off gain on Disposal, the Company was loss making in FY2015, FY2016 and HY2017 with loss after tax of approximately S$2.7 million, S$2.4 million and S$1.0 million respectively mainly due to the other operating expenses incurred in relation to the Proposed Tong Da Acquisition and Proposed Acquisition. Following the completion of the Disposal, the Company ceased to have any operating business and had classified as a cash company under Rule 1017 of the Catalist Rules with effect of 1 August 2014. We also note the substantial decline in both the Company's net working capital and shareholders' equity as at 31 October 2017 which was attributable to the completion of Capital Reduction, involving the Cash Distribution.

(c) The evaluation of the Pre-Consolidation Issue Price or the Adjusted Pre-Consolidation Issue Price (as set out in Section 5.2 of this Letter) after taking into account, *inter alia*, the following factors:

    (i) Directors' confirmation and representation that the Pre-Consolidation Issue Price was determined based on the assumption the Cash Distribution had been effected. Hence, the comparison of the Pre-Consolidation Issue Price against the last transacted prices for the Shares prior to the Cum Date may not be meaningful.

    (ii) The Adjusted Pre-Consolidation Issue Price represents a premium of approximately 6.1% over the last transacted price for the Shares on the MOU Announcement Date;

(iii) The Adjusted Pre-Consolidation Issue Price represents a discount of approximately 41.0% from the VWCP for the Shares for the period 12-month and a premium of approximately 0.1%, 7.1% and 5.2% over the VWCP for the Shares for the period 6-month, 3 month and 1 month prior to and including the MOU Announcement Date;

(iv) The Adjusted Pre-Consolidation Issue Price represents a discount of approximately 17.4% from the VWCP for the Shares for the period commencing immediately after the MOU Announcement Date and ending on the Cum Date;

(v) The Pre-Consolidation Issue Price represents a discount of approximately 22.8% from the VWCP for the Shares for the period commencing after the Cum Date and ending on the Latest Practicable Date;

(vi) The Pre-Consolidation Issue Price represents a discount of approximately 1.1 % from the last transacted price of S$0.038 per Share on the Catalist on 6 November 2017, being the last Trading Day immediately preceding the Latest Practicable Date;

(vii) The Pre-Consolidation Issue Price represents a premium of approximately 120.5% and 129.9% over the Company's NAV and/or NTA per Share as at 31 October 2017 and the Cash Balance NAV and/or NTA per Share respectively. These premiums are higher and more favourable than the average premium of approximately 7.9% implied by the closing prices for the Shares over the Company's historical trailing NAV per Share for the 1 year period prior to the MOU Announcement Date;

(viii) Comparison with Selected RTO Transactions. The valuation of the Group in terms of P/NTA (as implied by the Pre-consolidation Issue Price, NTA per Share as at 31 October 2017 and Cash Balance NTA per Pre-Consolidation Share) is within the range, higher than the median, but lower than the simple average (excluding NH Ceramics Ltd) for the Selected RTO Transactions. In addition, the Adjusted Pre-Consolidation Issue Price represents a premium of approximately 6.1% over the last transacted price for the Shares on the MOU Announcement Date and this premium is within the range but lower than the simple average and median for the Selected RTO Transactions.

(ix) Comparison with Proposed Tong Da Acquisition. The valuation of the Company in terms of P/NAV (as implied by the 2015 Issue Price and the unaudited NAV for the full-year financial period ended 31 December 2014) is lower and less favourable than the P/NAV (as implied by the Pre-Consolidation Issue Price) of the Company's NTA per Pre-Consolidation Share as at 31 October 2017 and Cash Balance NTA per Pre-Consolidation Share. In addition, the 2015 Issue Price represents a discount of approximately 72.0% from the last transacted price for the Shares prior to the 2015 MOU announcement date whilst the Pre-Consolidation Issue Price represented a discount of approximately 69.9% from the last transacted price prior to the MOU Announcement Date. We also understand that for both the Proposed Tong Da Acquisition and the Proposed Acquisition, Directors have represented and confirmed that the respective issue price was determined based on the assumption the Cash Distribution had been effected. Hence, the comparison of the issue price against the last transacted prices prior to the respective announcement may not be meaningful.

(d) Historical financial performance and position of the Memories Group. The Memories Group recorded profit after income tax of approximately US$1.0 million, US$1.3 million, US$1.1 million with corresponding net profit margin of approximately 10.0%, 12.2% and 9.2% in TFY2015, TFY2016 and TFY2017 respectively. The Memories Group recorded loss after income tax of approximately US$0.8 million in T3M2018. The Memories Group recorded positive net cash flow from operating activities during the period under review and positive net working capital of approximately US$5.6 million with shareholders' equity of approximately US$32.5 million as at 30 June 2017.

(e) The evaluation of the Purchase Consideration, Adjusted Minimum Purchase Consideration and Adjusted Purchase Consideration (as set out in Section 5.3 of this Letter) after taking into

account, *inter alia*, the following factors:

(i) The Purchase Consideration represents a premium of approximately 57.9% and 130.7% over the Memories Group's NAV and NTA as at 30 June 2017 respectively.

(ii) The Adjusted Minimum Purchase Consideration represents a discount of approximately 31.3% and 0.3% from the Memories Group's NAV and NTA as at 30 June 2017 respectively.

(iii) The Adjusted Purchase Consideration represents a discount of approximately 28.4% from and a premium of approximately 4.6% over the Memories Group's NAV and NTA as at 30 June 2017 respectively.

(iv) The Purchase Consideration represents a premium of approximately 29.2% and 74.2% over the Memories Group's RNAV and RNTA respectively.

(v) The Adjusted Minimum Purchase Consideration represents a discount of approximately 43.8% and 24.2% from the Memories Group's RNAV and RNTA respectively.

(vi) The Adjusted Purchase Consideration represents a discount of approximately 41.4% and 21.0% from the Memories Group's RNAV and RNTA respectively.

(vii) The range of fair market value of the Targets ascribed by the Independent Business Valuer represents a discount of approximately 0.9% from and premium of approximately 3.9% over the Purchase Consideration respectively.

(viii) The range of fair market value of the Targets ascribed by the Independent Business Valuer represents premiums of approximately 127.9% and 139.0% over the Adjusted Minimum Purchase Consideration respectively.

(ix) The range of fair market value of the Targets ascribed by the Independent Business Valuer represents premiums of approximately 118.5% and 129.1% over the Adjusted Purchase Consideration respectively.

(x) Comparison with the Selected Comparable Companies. The valuation of the Memories Group (as implied by both the Adjusted Purchase Consideration and the Adjusted Minimum Purchase Consideration) (in terms of LTM EV/EBITDA, P/NAV and P/NTA ratios) or slightly higher than the simple average and median for the Selected Comparable Companies (in terms of LTM PER).

(xi) Comparison with the Selected Myanmar Companies. The valuation of the Memories Group (as implied by both the Adjusted Purchase Consideration and the Adjusted Minimum Purchase Consideration) in terms of LTM EV/EBITDA and LTM PER appear to be fairly comparable with the median and simple average for the Selected Myanmar Companies, whilst in terms of P/NAV and P/NTA, it is lower than any or in line with the minimum of the Selected Myanmar Companies.

(f) The potential financial effects of the Proposed Acquisition as outlined in Section 6.1 of Part A of the Circular. We wish to highlight that whilst the Proposed Acquisition, Proposed Share Consolidation and Proposed Compliance Placement will lead to a lower LPS per Share, they will result in an improvement in NTA per Share and have no net effect to the Group's financial position in terms of gearing. Lastly, the Proposed Acquisition, Proposed Share Consolidation and Proposed Compliance Placement will lead to a higher net cash position of approximately S$19.6 million as compared to approximately S$6.8 million before the said transactions. We also note that the Board is of the view the Proposed Acquisition, if completed by the Company, will provide the Company with an opportunity to venture into a business with the potential for growth in the emerging market of Myanmar and accordingly, it is in the interests of the Company and its Shareholders to complete the Proposed Acquisition as stated in Section 2.2 of Part A of the Circular.

(g) The dilutive impact of the Proposed Acquisition on the percentage of shareholding interest of the existing Independent Shareholders and the significant reduction in the voting interest in the Company pursuant to the Proposed Acquisition. Following the issuance of 264,997,065 Consideration Shares pursuant to the Proposed Acquisition, the number of Shares in issue will increase from 305,982,583 Shares (before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement) to 308,708,863 Shares (after the Proposed Acquisition and the Proposed Share Consolidation but before the Proposed Compliance Placement), the Vendors' shareholding will increase from nil to approximately 85.84%. In addition, we note that the shareholdings of the existing Independent Shareholders will decrease from approximately 18.41% (before the Proposed Acquisition, the Proposed Share Consolidation and the Proposed Compliance Placement) to approximately 2.61% (after the Proposed Acquisition and the Proposed Share Consolidation but before the Proposed Compliance Placement). As such, the existing Independent Shareholders' ability to influence the outcome of any resolutions tabled in a general meeting will be significantly reduced after issuance of the Consideration Shares.

(h) The risk factors as set out in Section 16 of Part A and 8 of Part B of the Circular.

(i) The Directors confirmation that as at the Latest Practicable Date, they are not aware of any alternative investment or acquisition opportunity available to the Company, which is comparable in nature, size and scope to the Proposed Acquisition.

(j) The Key Resolutions relating to *inter alia*, (i) the Proposed Acquisition; (ii) the Proposed Share Consolidation; (iii) the Proposed issue and allotment of the Consideration Shares; (iv) the proposed issuance and allotment of the Company Placement Shares pursuant to the Proposed Compliance Placement; (v) the Proposed Whitewash Resolution; (vi) the Proposed IPT Mandate; and (vii) the proposed appointment of Mr Serge Pun as a Proposed Director of the Company upon Completion; (viii) the proposed appointment of Mr Michel Novatin as a Proposed Director of the Company upon Completion and (ix) the Proposed Change of Name, are inter-conditional upon each other. Accordingly, in the event that any of the resolutions is not approved, the other resolutions will not be passed.

(k) Other relevant considerations as set out in Section 6 of this Letter.

In summary, having regard to our analysis and the consideration in this Letter (including its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to our terms of reference and confirmations and representations from the Directors and/or the Memories Group, **we are of the opinion that, on balance** the financial terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution is, on balance, **FAIR, REASONABLE** and **NOT PREJUDICIAL** to the interest of the Company and the Independent Shareholders.

For the purposes of evaluating the Proposed Acquisition, being the transaction that is the subject of the Proposed Whitewash Resolution, from a financial point of view, we have adopted the approach that the term "on normal commercial terms", "fair" and "reasonable" comprises two distinct concepts:

(i) Whether an acquisition(s) is "on normal commercial terms" and "fair" relates to an opinion on the value of the Purchase Consideration or the Adjusted Minimum Purchase Consideration or the Adjusted Purchase Consideration and the Pre-Consolidation Issue Price for the Consideration Shares. This is based strictly on a financial or fundamental analysis and evaluation of the consideration (*vis a vis* the Memories Group financial performance and position and equity valuation), and the Pre-Consolidation Issue Price for the Consideration Shares (*vis a vis* the Group's financial performance and position, comparison with previous fund raising, historical prices for the Shares as well as relative valuation analysis and comparison with the Selected RTO Transactions);

(ii) Whether an acquisition(s) is "reasonable", relates to, after taking into consideration the actual and potential financial impact of other circumstances surrounding the acquisition(s) as well as the

Company or the Group or the Target or the Memories Group *inter alia* the cash company status, Vendors' shareholding prior and after the Proposed Acquisition and issuance of the Consideration Shares etc., which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the financial terms of the Proposed Acquisition (which is the subject of the Proposed Whitewash Resolution) to be **FAIR,** from a financial point of view after factoring in, *inter alia,* the following:-

(i) The Adjusted Pre-Consolidation Issue Price is fairly comparable (being in general at premium) to the historical market prices for the Shares on the MOU Announcement Date and for the period 6 months, 3 months and 1 month prior to the MOU Announcement Date.

(ii) The Pre-Consolidation Issue Price represents a premium of approximately 120.5% and 129.9% over the Company's NAV and/or NTA per Share as at 31 October 2017 and the Cash Balance NAV and/or NTA per Share respectively which we have considered in conjunction with the "cash company" status for the Company. These premiums are higher and more favourable than the average premium of approximately 7.9% implied by the closing prices for the Shares over the Company's historical trailing NAV per Share for the 1 year period prior to the MOU Announcement Date.

(iii) Fair comparison of the Proposed Acquisition and the Selected RTO Transactions in terms of the premium implied by the Adjusted Pre-Consolidation Issue Price over the last transacted prices for the Shares on the MOU Announcement Date and the P/NTA multiple (as implied by the Pre-Consolidation Issue Price and the Group's NTA per Share as at 31 October 2017).

(iv) The intrinsic value of the Consideration Shares, being the Adjusted Purchase Consideration of approximately S$31.6 million or the Adjusted Minimum Purchase Consideration of approximately S$30.3 million, after taking into account, *inter alia,* substantial premium implied by the Pre-Consolidation Issue Price over the Company's NAV and/or NTA notwithstanding its "cash company" status, and the Cash Balance pursuant to the RTO SPA.

(v) The range of fair market value of the Targets ascribed by the Independent Business Valuer is relatively in line with the range of Purchase Consideration or at premiums over both the Adjusted Minimum Purchase Consideration and Adjusted Purchase Consideration.

(vi) The Adjusted Minimum Purchase Consideration and Adjusted Purchase Consideration represent a discount ranging between 21.0% to 43.8% from the Memories Group's RNAV and RNTA.

(vii) Relatively lower valuation of the Memories Group as implied by both the Adjusted Purchase Consideration and Adjusted Minimum Purchase Consideration *vis a vis* the valuation of the Selected Comparable Companies and the Selected Myanmar Companies in terms of LTM EV/EBITDA, P/NAV and P/NTA.

We also consider the financial terms of the Proposed Acquisition (which is the subject of the Proposed Whitewash Resolution) to be **REASONABLE and NOT PREJUDICIAL** to the interest of the Company and the Independent Shareholders, from a financial point of view after factoring, *inter alia*, the following:

(i) The rationale for the Proposed Acquisition. We note from Section 2.2 of Part A of the Circular that the Proposed Acquisition, if completed by the Company, will provide the Company with an opportunity to venture into a business with the potential for growth in the emerging market of Myanmar and accordingly, it is in the interests of the Company and its Shareholders to complete the Proposed Acquisition. If the Proposed Acquisition is not completed, the Company will have to be delisted pursuant to Rule 1017 of the Catalist Rules and, in the absence of an exit cash offer by any party, the Company intends to undergo a voluntary liquidation and be wound up and dissolved thereafter.

(ii) The financial performance and position of the Memories Group. We note that the Memories Group has been profit making for the past three financial year ends with positive net cash flow from operating activities during the period under review and positive net working capital and

shareholders' equity of approximately US$32.5 million as at 30 June 2017.

(iii) The Proposed Acquisition appears to be more favourable as compared with the Selected RTO Transactions in terms of the dilution impact for the existing Shareholders (arising from the issuance of the Consideration Shares).

(iv) Directors confirmation that as at the Latest Practicable Date, they are not aware of any alternative investment or acquisition opportunity available to the Company, which is comparable in nature, size and scope to the Proposed Acquisition.

(v) The potential financial effects of the Proposed Transactions as outlined in Section 6.1 of Part A of the Circular. We wish to highlight that while the Proposed Transactions will lead to a higher LPS, it will result in a higher NTA per Share and higher net cash position.

(vi) The Proposed Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from the Memories Group's operations and its existing cash and cash equivalents, the working capital available to them as at the date of lodgement of the Circular is sufficient for present requirements and for at least 12 months after Completion.

8.2. THE PROPOSED IPT MANDATE

In arriving at our opinion in respect of the Proposed IPT Mandate, we have considered, *inter alia*, the following:

(i) the rationale for the Proposed IPT Mandate and benefits to the Enlarged Group as set out in Section 15.2.3 and 15.2.4 of Part A of the Circular; and

(ii) the review procedures and additional controls of the Company in relation to the Proposed IPT Mandate, including the role of the New Audit Committee in ensuring that the Company adheres to the review procedures, as set out in Section 15.2.7 of Part A of the Circular, and in particular that the New Audit Committee will review all Interested Person Transactions at least on quarterly basis.

Based on the above, we are of the opinion that the adoption of the Proposed IPT Mandate and the procedures as set out in the Circular, is in the interest of the Company and that the review procedures (including the additional controls) for determining the transaction prices pursuant to the Proposed IPT Mandate as set out in Section 15.2.7 of Part A of the Circular, if adhered to fully, are sufficient to ensure that the Mandated IPTs will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

8.3. RECOMMENDATION

Based on our assessment of the financial terms of the Proposed Whitewash Resolution as well as the Proposed IPT Mandate as set out above, from a financial point of view, we advise the Recommending Directors to recommend that Independent Shareholders vote **in favour of** the Proposed Whitewash Resolution and the Proposed IPT Mandate to be proposed at the EGM. We advise the Recommending Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, *inter alia*, our limitation in analysis, evaluation, comments and opinion in this Letter is limited. We advise the Recommending Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Proposed Whitewash Resolution and the Proposed IPT Mandate.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group or the MM Myanmar or the Memories Group or the Enlarged Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors, Memories Group Directors, Management and Memories Group Management and therefore does not reflect any projections or future financial performance of the Company or the Group or the MM Myanmar or the Enlarged Group

after the completion of the Proposed Transactions and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Proposed Acquisition, the Proposed Whitewash Resolution and the Proposed IPT Mandate.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of the Independent Shareholders:

(1) **Shareholders should note that approval of the Proposed Whitewash Resolution is a condition precedent to Completion. If Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, Completion will not take place.**

Independent Shareholders should also note that by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive a general offer from the Vendors and the Corporate Vendor Nominees, which the Vendors and the Corporate Vendor Nominees would otherwise be obliged to make at the highest price paid by the Vendors Concert Party Group for Shares in the six (6) months preceding the commencement of the offer, in accordance with Rule 14 of the Code and Section 139 of the SFA.

Furthermore, Shareholders should also note that, by voting for the Proposed Whitewash Resolution, they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the issue of the Consideration Shares.

Pursuant to obtaining Shareholders' approval for the Proposed Whitewash Resolution, the allotment and issue of the Consideration Shares would result in the Vendors and Corporate Vendor Nominees holding Shares carrying more than 49.0% of the voting rights of the Company and the Vendors Concert Party Group will thereafter be free to acquire additional new Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

(2) The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Memories Group or the Enlarged Group after the completion of Proposed Transactions. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Memories Group or the Enlarged Group and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Transactions (in part or in full) or voting for or voting against the Proposed Acquisition or the other transactions or resolutions stipulated in the Circular (if any) or on the future financial performance of the Company or the Memories Group or the Enlarged Group or the plans (if any) for each of them. Estimates or analysis or evaluation of the merits of the Company or the Memories Group or the Enlarged Group or the Proposed Acquisition, or the Proposed Whitewash Resolution or the Proposed IPT Mandate if any, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

(3) Our scope does not require us and we have not made any independent evaluation or business valuation of the Company or the Memories Group or the Enlarged Group (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities of the Company or the Memories Group (including without limitation, development properties and property, plant and equipment) or contracts entered into by the Company or the Memories Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group or the Memories Group save for (a)

the valuation certificates dated 27 June 2017 issued by the Independent Property Valuer in respect of the Property Valuation Certificates; and (b) the Independent Valuation Summary Letter issued by the Independent Business Valuer. With respect to such valuations, we are not experts in the evaluation (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities (including without limitation, development properties and property, plant and equipment) including, *inter alia*, the contracts or agreements that the Company or the Memories Group has embarked upon or are about to embark upon and have relied on the opinion of the Memories Group Directors and the financial statements (audited and unaudited), where applicable for the assessment.

(4) Our scope does not require us to opine or comment on the adequacy of the working capital of the Company, the Memories Group or the Enlarged Group or the ability of the Company to raise funds for the Company Funded Cost towards the construction of the Pun Hlaing Lodge after Completion or the legality, validity or enforceability of, *inter alia*, the RTO SPA or the Restructuring Documents and/or the relevant transactions as contemplated under, *inter alia*, the Restructuring or the Potential Buyback or the adequacy of measures to safeguard the Enlarged Group against potential conflict of interest (including, *inter alia*, the Restricted Business Undertaking, the ROFO Undertaking, and the Management Rights Opportunity Undertaking). Such evaluation or comment remains the responsibility of the Memories Group Directors and the Memories Group Management although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Letter.

(5) The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the audited financial statements for the Company for FY2016, the unaudited financial statements of the Company for HY2017 as well as the monthly valuation of assets and utilisation of cash for the Company as at 31 October 2017 and public announcements of the Company, there has been no material changes to the Company's business, assets and liabilities, financial position, condition and performance.

(6) The Memories Group Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the unaudited financial statements for the Memories Group for TFY2017 and T3M2018, there has been no material changes to the Memories Group's business, assets and liabilities, financial position, condition and performance.

Specific objectives

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular or individual needs and constraints of any individual Independent Shareholder. As each Independent Shareholder or group of Independent Shareholders would have different investment objectives and profiles, we would advise the Recommending Directors to advise any individual Shareholder or group of Shareholders who may require specific advice in the context of investments in unlisted shares or his or their specific investment objectives or portfolio should consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

9. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to the Circular, a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than forty-eight (48) hours before the time fixed for the EGM. The completion and lodgement of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so.

Depositors with Shares credited to their Securities Accounts who wish to attend and vote at the EGM or appoint a proxy, must complete, sign and return the relevant Proxy Form completed by CDP in accordance with the instructions printed thereon as soon as possible and in any event, so as to reach the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinson Road #02-00 Singapore 068898, not less than 48 hours before the time set for the EGM. A Depositor will not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the EGM.

In addition, Independent Shareholders are advised to read Section A22 of Part A of the Circular and Notice of the EGM which has been enclosed with the Circular carefully so that the appropriate election on voting for or voting against can be made.

This Letter is addressed to the Recommending Directors in connection with and for the sole purpose of their evaluation of the Proposed Whitewash Resolution and the Proposed IPT Mandate and is not meant or intended to be an evaluation of the other resolutions to be proposed or alternatives. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Proposed Whitewash Resolution and the Proposed IPT Mandate and/or at the forthcoming EGM. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters and the scope of our appointment stated herein and does not apply by implication to any other matter. Save as disclosed herein, nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act Chapter 53B and any re-enactment thereof shall not apply. Nothing herein shall prevent or exclude Shareholders from relying on this Letter in connection with the Proposed Whitewash Resolution and the Proposed IPT Mandate, whether pursuant to the Contracts (Rights of Third Parties) Act Chapter 53B of Singapore or otherwise.

The recommendations made by the Recommending Directors to the Independent Shareholders in relation to the Proposed Whitewash Resolution and the Proposed IPT Mandate as well as other resolutions referred to in the Circular and the issue of the Circular shall remain the sole responsibility of the Recommending Directors and the Directors respectively.

Yours faithfully,

For and on behalf of
ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU
MANAGING DIRECTOR

FOO QUEE YIN
MANAGING DIRECTOR

The Board of Directors
SHC Capital Asia Limited
302 Orchard Road
Singapore 238862

11 August 2017

SHC CAPITAL ASIA LIMITED – PROPOSED ACQUISITION OF CERTAIN TOURISM RELATED BUSINESSES & ASSETS IN MYANMAR

INDEPENDENT VALUATION SUMMARY LETTER

Dear Sirs:

1. Introduction

Ernst & Young Solutions LLP ("**EY**" or "**we**") has been appointed by the Board of Directors (the "**Directors**") of SHC Capital Asia Limited ("**SHC**" or the "**Company**") to perform professional services relating to the proposed acquisition by the Company of the entire issued and paid-up share capital of certain tourism related businesses & assets in Myanmar (the "**Proposed Acquisition**").

This letter has been prepared pursuant to Rule 1015 of the Singapore Exchange Securities Trading Limited Listing Manual and for the purpose of disclosure as an appendix to the Company's Circular to be issued in relation to, *inter alia*, the Proposed Acquisition ("**Circular**"). All capitalised terms used in this letter shall have the same meanings as ascribed to them in the Circular. This is a summary of the information contained in our Independent Valuation Report dated 11 August 2017 (the "**Report**"). Accordingly, this letter should be read in conjunction with the full text of the Report.

2. Terms of reference

The objective of this letter, is to provide an independent fair market value range of the BOB Business and DMC Business (collectively the "**Business Targets**") and to assess the reasonableness of the market value range of Hpa An Lodge, Pun Hlaing Lodge and the BL Land (collectively the "**Properties**") as valued by Robert Khan & Co Pte Ltd (the "**Independent Property Valuer**"), as at 31 March 2017 (the "**Valuation Date**").

The Business Targets and Properties (collectively, the "**Targets**") comprised of the following:

(i) 100% interest (inclusive of equity and Economic Interests) in Shwe Lay Ta Gun Travels & Tours Company Ltd ("**SLTG**");

(ii) 100% interest (inclusive of equity and Economic Interests) in Asia Holidays Travels & Tours Company Limited ("**AHTT**");

(collectively, the "**Business Targets**")

(iii) Pun Hlaing Lodge, pending completion of construction under the PHL Business;

(iv) Hpa An Lodge, being operated under the HAL Business; and

(v) BL Land, to be developed under the BL Business,

(collectively, the "**Properties**").

We are not expressing an opinion on the commercial merits and structure of the Proposed Acquisition and accordingly, this letter and the Report do not purport to contain all the information that may be necessary or desirable to fully evaluate the commercial or investment merits of the Proposed Acquisition by the shareholders of SHC. The assessment of the commercial and investment merits of the Proposed Acquisition is solely the responsibility of the Directors. Additionally, our work should not be construed as investment advice to the current and prospective investors of SHC.

We have not conducted a comprehensive review of the business, operational or financial conditions of the Targets, and accordingly this letter and our Report do not make any representation or warranty, express or implied in this regard.

The scope of our engagement does not require us to express, and we do not express, a view on the future prospects of SHC and the Targets. We are, therefore not expressing any views on the future trading price of the shares or the financial condition of SHC upon completion of, *inter alia*, the Proposed Acquisition.

Our terms of reference do not require us to provide advice on legal, regulatory, accounting or taxation matters and, where specialist advice has been obtained by SHC and/or the Business Targets and made available to us, we have considered and, where appropriate, relied upon such advice. Specifically, we have reviewed the reasonableness of the Independent Property Valuer's valuation with regards to the Properties and have relied on the same.

Our work is not of the same nature as an audit, and does not constitute an audit. We are not, therefore issuing an audit opinion. Instead, our work is in the nature of a review of the information provided to us, discussions with management of SHC (the "**SHC Management**"), management of the Targets (the "**Targets Management**") and the Independent Property Valuer.

EY is an independent external valuer in respect of the Proposed Acquisition. EY is not a substantial shareholder, director or employee of SHC or the Targets or any of its subsidiaries, or in partnership with or employed by a substantial shareholder, director or employee of SHC or the Targets or any of its subsidiaries.

Our independent opinion on the estimate of the fair value of the Targets will not form a basis of the price at which the Targets are to be acquired. This letter and the data on which this letter is prepared is not intended to form the basis of any acquisition decision in relation to the Proposed Acquisition and does not contain all the information that is necessary to fully evaluate the Proposed Acquisition. Other than our engagement as set out above, EY has had no involvement in any other aspect pertaining to the Proposed Acquisition including, without limitation, the negotiations, the deliberations or the decision by the respective parties to enter into the Proposed Acquisition.

Use of our letter and the Report

This letter and the Report are addressed to, and for the use and benefit of the Directors of SHC for the purpose as set out above, and accordingly neither the Report nor this letter may be used or relied upon by, nor confer any benefit to, any other person (including without limitation, the shareholders of SHC and the prospective investors of SHC). Any recommendation made by the Directors to the shareholders of SHC shall remain the responsibility of such Directors.

Reliance on information and representation

In the course of our work, we have held discussions with the Targets Management and SHC Management and the Independent Property Valuer. We have also examined and relied on information provided by them and reviewed other relevant publicly available information. We have not independently verified all such information provided or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. However, we have made reasonable enquiries and exercised our judgement on such information and have performed our valuation on such basis.

The Targets Management have confirmed to us, upon making all reasonable enquiries and to their best knowledge and belief, that the information provided to us constitute full and true disclosure, in all material respects, of all material facts relating to the Targets as required for the purposes of our valuation (and there is no omission of material information, of which if any, would make any of the information considered herein inaccurate, incomplete, or misleading in any material respect).

In no circumstances shall we be liable, other than in the event of our bad faith or wilful default, for any loss or damage, of whatsoever nature arising from information material to our work being withheld or concealed from us or misrepresented to us by the Targets Management and the Directors, employees, or agents of SHC or any person of whom we may have made inquiries of during the course of our work.

3. Valuation approach & methodology

We have adopted a sum-of-parts approach in determining the fair market value of the Targets, taking into consideration the fair market values of the Business Targets as determined by EY and the market values of the Properties as determined by the Independent Property Valuer.

Fair Market Value has been adopted as the standard of value for the Business Targets. Fair Market Value is generally defined as the amount at which an asset could be exchanged between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting in an arm's length transaction, in an open and unrestricted market.

Market Value has been adopted as the basis of value for the Properties. Market Value is generally defined as 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. According to the discussion with the Independent Property Valuer, the concept of market value is consistent with that of fair market value.

a. Business Targets

We have assessed the Fair Market Value of the Business Targets on a going concern basis as at 31 March 2017, by using the discounted cash flows methodology under the income approach. When using the discounted cash flows methodology under the income approach, we have discounted the projected free cash flows from the Business Targets with an appropriate discount rate having considered, amongst all relevant risk factors, such as business sizes, business environment, stages of growth, riskiness of cash flows. The free cash flow of the Business Targets have been projected for the period commencing FY18 to FY26 with a terminal value attributed.

We have also assessed the reasonableness of our valuation results by cross-checking the fair market value determined under the income approach with the market multiple methodology under the market approach.

Our valuation is based on various assumptions with respect to the Business Targets, including their respective present and future financial condition, business strategies and the environment in which they will operate in the future. These assumptions are based on the information that we have been provided with and our discussions with or on behalf of the Targets Management, and reflect current expectations and views regarding future events, and therefore necessarily involve known and unknown risks and uncertainties.

Amongst other assumptions stated in the Report, the key assumptions are as follows:

1. The Business Targets will continue to operate on a going concern basis;

2. All necessary licenses and regulatory approvals have been obtained and the Business Targets are assumed to be able to renew business licenses or leases with minimum costs before the expiry of such leases/licenses;

3. There will be no significant change in the operations and business strategy of the Business Targets subsequent to the Valuation Date;

4. The audited financial statements of the Business Targets as at 31 March 2017 provided by the Targets Management fairly reflect their respective financial positions as at the Valuation Date;

5. The Business Targets have proper and good title to the equipment without any liens or encumbrances unless otherwise stated;

6. The financial forecast and its underlying assumptions reflects the Targets Management's future business plans and is assumed not to contravene existing regulatory requirements as well as incorporating their expectation of the future regulations;

7. The level of capital expenditure and net working capital projected in the financial forecast is assumed to be sufficient to meet the forecast growth;

8. The taxes applicable to the Business Targets will be as projected in the forecast;

9. The Business Targets will be able to obtain the requisite debt or equity funding from financial institutions, shareholders, or potential investors on a timely and commercially reasonable terms basis to meet its cash flow requirement;

10. Save as disclosed in the Circular, the Business Targets has no material or significant contingent liabilities or uncertainty, including any litigation pending or threatened, as at the Valuation Date that warrants consideration in the forecast;

11. There is no substantial commitment or uncertainty that has arisen subsequent to the Valuation Date, which is material to be considered in the forecast; and

12. There are no adverse changes to the economic and real estate market conditions, as well as changes in regulatory, fiscal and other government policies in the countries in which the operations of the Business Targets are located.

The estimates of earnings and cash flow data, to the extent they relate to the future, reflect the expectations of the Targets Management as to the future prospects of the Targets and are solely used in our valuation analysis and are not intended for use as forecasts or projections of future operations.

Furthermore, there will usually be differences between the estimated and actual results because events and circumstances may not occur as expected and those differences may be material. To the extent that our conclusions are based on forecasts, we express no opinion on the achievability of these forecasts.

We have set out in the Report the key assumptions used in our valuation as well as risk factors that, in our opinion, may have a material impact on the valuation of the Targets. It should be noted that it is not an exhaustive list of all risk factors relevant to the Targets.

b. Properties

The Independent Property Valuer has assessed the Market Value of the Properties as at 31 March 2017 by using either the Profit method or Market Comparison method.

The Independent Property Valuer has used the profit method to arrive at the market value of Pun Hlaing Lodge and Hpa An Lodge. In applying the profit method, the Independent Property Valuer has assessed the Fair Maintainable Turnover ("**FMT**"), potential gross profit, Fair Maintainable Operating Profit ("**FMOP**") by taking into account the associated costs and allowances, which could be generated by a trade related property managed by a Reasonably Efficient Operator ("**REO**"). The FMOP is then capitalised at an appropriate rate of return reflecting the risk and rewards of the property and its trading potential to arrive at its market value, on assumption that there will be continuation of trade. For Pun Hlaing Lodge, as it was still under construction as at the Valuation Date, the Independent Property Valuer has deducted the cost to complete and respective developer's profit in determining the market value of Pun Hlaing Lodge.

For BL Land, the Independent Property Valuer adopted the Market Comparison Method to arrive at its market value. This method measures the value of a property by comparing recent sales or offerings of similar or substitute property.

In reviewing the work performed by the Independent Property Valuer, we have held discussions with the Independent Property Valuer to understand their scope of work, reviewed the appropriateness of their valuation methodologies and sought to understand the key assumptions used by them. We have also performed corroborative work to assess the reasonableness of the valuation range of the Properties determined by the Independent Property Valuer.

4. Conclusion

In summary and as detailed in the Report, which should be read in conjunction with this letter to the Directors, the fair market value of the Targets is in the range of **USD49.45 million to USD51.85 million,** which is **SGD69.09 million to SGD72.44 million** equivalent (converted at an exchange rate of USD:SGD of 1.3970) as at the Valuation Date.

Our views are based on the current economic, market, industry, regulatory, monetary and other conditions and on the information made available to us as of the date of this letter and the Report. Such conditions may change significantly over a relatively short period of time and we assume no responsibility and are not required to update, revise or reaffirm our conclusion set out in this letter to reflect events or developments subsequent to the date of this letter and the Report.

Yours faithfully,
For and on behalf of
Ernst & Young Solutions LLP

Andre Toh Sern
Partner

APPENDIX C – UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF SHC CAPITAL ASIA LIMITED AND ITS SUBSIDIARY CORPORATIONS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 2016 AND 2017 AND THE THREE-MONTH PERIOD ENDED 30 JUNE 2017

The Board of Directors
SHC Capital Asia Limited
302 Orchard Road, #10-01
Singapore 238862

REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF SHC CAPITAL ASIA LIMITED AND ITS SUBSIDIARY CORPORATIONS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 2016 AND 2017 AND THE THREE-MONTH PERIOD ENDED 30 JUNE 2017 INCLUDED IN THE CIRCULAR TO THE SHAREHOLDERS OF SHC CAPITAL ASIA LIMITED IN CONNECTION WITH THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF MM MYANMAR PTE. LTD.

Dear Sirs

This report has been prepared solely for inclusion in the circular to the shareholders (the "Circular") of SHC Capital Asia Limited (the "Company") in connection with the proposed acquisition of the entire issued and paid-up share capital of MM Myanmar Pte. Ltd. (the "Target Company") (the "Proposed Transaction") and should not be used for any other purpose. The enlarged group of companies comprising SHC Capital Asia Limited and MM Myanmar Pte. Ltd. and its subsidiary corporations (the "Target Group"), following the completion of the Proposed Transaction, are collectively known as the "Enlarged Group".

We have completed our assurance engagement to report on the compilation of the unaudited pro forma consolidated financial information of the Enlarged Group. The unaudited pro forma consolidated financial information consists of the unaudited pro forma consolidated statements of comprehensive income for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017, the unaudited pro forma consolidated statements of financial position as at 31 March 2017 and 30 June 2017, the unaudited pro forma consolidated statements of cash flows for the financial year ended 31 March 2017 and the three-month period ended 30 June 2017, and related notes as set out on pages C-5 to C-36 of the Circular issued in connection with the Proposed Transaction. The applicable criteria on the basis of which the Directors of the Company have compiled the unaudited pro forma consolidated financial information are described in Note 4 of the unaudited pro forma consolidated financial information.

The unaudited pro forma consolidated financial information has been compiled by the Directors of the Company to illustrate the impact of the Proposed Transaction based on the criteria described in Note 4 of the unaudited pro forma consolidated financial information to show what:

(i) The unaudited pro forma consolidated statements of comprehensive income of the Enlarged Group for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017 would have been if the Proposed Transaction occurred on 1 April 2014;

(ii) The unaudited pro forma consolidated statements of financial position of the Enlarged Group as at 31 March 2017 and 30 June 2017 would have been if the Proposed Transaction occurred on 31 March 2017 and 30 June 2017 respectively; and

(iii) The unaudited pro forma consolidated statements of cash flows of the Enlarged Group for the financial year ended 31 March 2017 and the three-month period ended 30 June 2017 would have been if the Proposed Transaction occurred on 1 April 2016.

The dates on which the Proposed Transaction described above are assumed to have been undertaken, are here in collectively referred to as the Relevant Dates.

As part of this process, information about the unaudited pro forma consolidated financial information of the Enlarged Group, have been extracted by the Directors of the Company from the unaudited pro forma consolidated financial information of the Target Group for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017 on which an auditor's report has been issued and included in the Circular; and the unaudited financial statements of the Company for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017.

Directors' Responsibility for the Unaudited Pro Forma Consolidated Financial Information

The Directors of the Company are responsible for compiling the unaudited pro forma consolidated financial information on the basis of the applicable criteria as described in Note 4 of the unaudited pro forma consolidated financial information.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the unaudited pro forma consolidated financial information has been compiled, in all material respects, by the Directors of the Company on the basis of the applicable criteria as described in Note 4 of the unaudited pro forma consolidated financial information.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Consolidated Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors of the Company have compiled, in all material respects, the unaudited pro forma consolidated financial information on the basis of the applicable criteria as described in Note 4 of the unaudited pro forma consolidated financial information.

The purpose of the unaudited pro forma consolidated financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Enlarged Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the Relevant Dates would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of the Company in the compilation of the unaudited pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Enlarged Group, the event or transaction in respect of which the unaudited pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma consolidated financial information has been compiled:

    (i) in a manner consistent with the accounting policies adopted by the Enlarged Group, which are in accordance with Singapore Financial Reporting Standards;

    (ii) on the basis of the applicable criteria described in Note 4 of the unaudited pro forma consolidated financial information; and

(b) each material adjustment made to the information used in the preparation of the unaudited pro forma consolidated financial information is appropriate for the purpose of preparing such unaudited pro forma consolidated financial information.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Meriana Ang Mei Ling

Singapore
20 November 2017

SHC Capital Asia Limited and Its Subsidiary Corporations
Unaudited Pro Forma Consolidated Statements of Comprehensive Income
For the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017

	For the financial year ended 31 March			For the three-month period ended 30 June	
	2015 US$'000	2016 US$'000	2017 US$'000	2016 US$'000	2017 US$'000
Revenue	10,303	10,572	11,571	380	578
Cost of sales	(6,082)	(6,258)	(6,701)	(341)	(431)
Gross profit	4,221	4,314	4,870	39	147
Other income/(loss), net	52,811	328	198	8	(60)
Expenses					
– Administrative	(13,171)	(4,801)	(5,023)	(891)	(1,081)
– Distribution and marketing	(112)	(90)	(106)	(18)	(51)
Profit/(loss) before income tax	43,749	(249)	(61)	(862)	(1,045)
Income tax (expense)/credit	(472)	(434)	(476)	17	17
Net profit/(loss) attributable to equityholders of the Company	43,277	(683)	(537)	(845)	(1,028)
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss:					
– Currency translation gain/(loss) arising from consolidation	5,184	102	(30)	5	9
Total comprehensive income/(loss) attributable to equity holders of the Company	48,461	(581)	(567)	(840)	(1,019)
Earnings/(loss) per share attributable to equity holders of the Company (cents per share)					
Basic and diluted	14.02	(0.22)	(0.17)	(0.27)	(0.33)

The accompanying notes form an integral part of these unaudited pro forma consolidated financial information

SHC Capital Asia Limited and Its Subsidiary Corporations
Unaudited Pro Forma Consolidated Statements of Financial Position
As at 31 March 2017 and 30 June 2017

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
ASSETS		
Current assets		
Cash and bank balances	792	640
Trade and other receivables	2,169	1,478
Inventories	105	105
Development properties	6,666	6,666
	9,732	8,889
Non-current assets		
Property, plant and equipment	16,411	16,727
Intangible assets	10,219	10,247
	26,630	26,974
Total assets	36,362	35,863
LIABILITIES		
Current liabilities		
Trade and other payables	2,423	2,320
Current income tax liabilities	808	808
	3,231	3,128
Non-current liabilities		
Deferred income tax liabilities	133	116
Total liabilities	3,364	3,244
NET ASSETS	32,998	32,619
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	58,614	58,742
Currency translation reserve	(5)	(2)
Restructuring reserve	(19,839)	(19,655)
Accumulated losses	(5,772)	(6,466)
Total equity	32,998	32,619

The accompanying notes form an integral part of these unaudited pro forma consolidated financial information

SHC Capital Asia Limited and Its Subsidiary Corporations
Unaudited Pro Forma Consolidated Statements of Cash Flows
For the financial year ended 31 March 2017 and the three-month period ended 30 June 2017

	For the financial year ended 31 March 2017 US$'000	For the three-month period ended 30 June 2017 US$'000
Cash flow from operating activities		
Net loss	(9,596)	(1,028)
Adjustments for:		
– Income tax expense/(credit)	476	(17)
– Interest income – bank balances	(57)	(7)
– Depreciation of property, plant and equipment	711	172
– Amortisation of intangible assets	273	68
– Share-based payment expense arising from reverse acquisition	5,087	–
– Loss/(gain) on disposal of property, plant and equipment	1	(5)
– Unrealised currency translation loss	1	373
	(3,104)	(444)
Changes in working capital:		
– Trade and other receivables	(3,243)	160
– Trade and other payables	5,308	561
Cash (used in)/generated from operations	(1,039)	277
Interest received	31	7
Income tax paid	(414)	–
Net cash (used in)/provided by operating activities	(1,422)	284
Cash flows from investing activities		
Acquisition of subsidiary corporation, net of cash acquired	3,139	–
Deposits released from escrow account	20,999	–
Deposits released from standby letter of credit	903	–
Additions to property, plant and equipment	(5,368)	(439)
Proceeds from disposal of property, plant and equipment	203	6
Net cash provided by/(used in) investing activities	19,876	(433)
Cash flows from financing activities		
Dividends paid	(359)	–
Repayment of loans from shareholders	(120)	–
Capital reduction payment	(22,079)	–
Net cash used in financing activities	(22,558)	–
Net decrease in cash and bank balances	(4,104)	(149)
Cash and bank balances		
Beginning of the financial year/period	4,951	792
Effects of currency translation on cash and bank balances	(55)	(3)
End of the financial year/period	792	640

The accompanying notes form an integral part of these unaudited pro forma consolidated financial information

SHC Capital Asia Limited and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-month Period ended 30 June 2017

These selective notes form an integral part of and should be read in conjunction with the accompanying unaudited pro forma consolidated financial information.

1. General Information

The unaudited pro forma consolidated financial information has been prepared for inclusion in the circular to the shareholders (the "Circular") of SHC Capital Asia Limited (the "Company") in connection with the proposed acquisition of the entire issued and paid-up share capital of MM Myanmar Pte. Ltd. (the "Target Company" or "MM Myanmar") by the Company (the "Proposed Transaction").

The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of the Company's registered office is 302 Orchard Road #10-01, Singapore 238862.

The immediate holding corporation of the Company is SHC Capital Holdings Pte Ltd which is incorporated in Singapore. The ultimate holding corporation of the Company is See Hoy Chan Sdn. Bhd. which is incorporated in Malaysia.

The principal activity of the Company is that of an investment holding corporation.

2. The Proposed Transaction

On 24 October 2016, the Company entered into a conditional sale and purchase agreement ("Original SPA") with Yoma Strategic Investments Ltd. ("YSIL"), First Myanmar Investment Company Limited ("FMI") and Exemplary Ventures Limited ("Corporate Vendor") (each, a "Vendor", collectively, "Vendors") to acquire from the Vendors the entire issued and paid-up share capital of MM Myanmar for purchase consideration of S$70,675,130 (the "Consideration") to be fully satisfied on the completion of the sale and purchase of the entire issued and paid-up share capital of the Target Company (the "Sale Shares") by the issuance and allotment of 268,726,731 consideration shares at the issue price of S$0.263 per share (the "Consideration Shares") to the Vendors (each in the relevant proportion) or as the Vendors may direct as provided.

On 23 December 2016, YSIL and FMI incorporated MM Myanmar in Singapore with initial share capital of S$2, held equally by YSIL and FMI. MM Myanmar in turn through its subsidiary corporations acquired the issued and paid-up share capital of and/or economic interests in the shares of Shwe Lay Ta Gun Travels & Tours Company Limited ("SLTG"), Chindwin Investments Limited ("CIL"), Asia Holidays Travels & Tours Company Limited. ("AHTT"), Traditional Lodge Hotel Company Limited ("TLH") and Pun Hlaing Lodge Hotel Management Limited ("PHLHML").

2. The Proposed Transaction (continued)

On 17 August 2017, a supplemental agreement ("Supplemental SPA") was entered into between the Company and the Vendors. Pursuant to the Supplemental SPA, the salient changes to the Original SPA were as follow:

(a) the Consideration for the purchase of the Sale Shares has been reduced from S$70,675,130 to S$69,694,228. Following the reduction to the Consideration as aforesaid, the number of Consideration Shares to be issued and allotted to the Vendors and/or their nominees has been reduced by 3,729,666 Consideration Shares from 268,726,731 Consideration Shares to 264,997,065 Consideration Shares; and

(b) the Company agreed with the Vendors on certain modifications to the restructuring of the Memories Businesses (as defined herein) from that as originally defined or otherwise contemplated under the Original SPA.

- *Shwe Lay Ta Gun Travels & Tours Company Limited*

  The issued and paid-up share capital of SLTG comprises 200 ordinary shares with par value of Kyat 100,000 per share amounting to Kyat 20,000,000. SLTG was incorporated on 17 March 1999 in Myanmar under the old Myanmar Citizen's Investment Law 2013 ("MCIL") issued by Myanmar Investment Commission ("MIC") and was acquired by Yoma Strategic Holdings Ltd. ("YSH") through its 70%-owned subsidiary corporation, Chindwin Holdings Pte. Ltd. ("CHPL") in June 2013. As part of the restructuring of its tourism assets, CHPL had, in August 2016, acquired the remaining 25% interest in SLTG from non-controlling interests, thus increased its interest in SLTG from 75% to 100%. SLTG owns and operates the hot-air balloon business under the name of "Balloons over Bagan" in Bagan and Inle Lake area, Myanmar (the "BOB Business").

- *Chindwin Investments Limited*

  The issued and paid-up share capital of CIL comprises 50,000 ordinary shares with par value of Kyat 1,000 per share amounting to Kyat 50,000,000. CIL was incorporated on 14 August 2013 in Myanmar, held by CHPL. CIL currently holds a 4.31 acre parcel of land located in Nyaung U Township, Bagan, Myanmar (the "BL Land"). The Target Group envisages that the principal business of CIL will be a travel, leisure and/or attractions business in Bagan, Myanmar (the "BL Business").

2. The Proposed Transaction (continued)

- *Pun Hlaing Lodge Hotel Management Limited*

  The issued and paid-up share capital of PHLHML comprises 20,000 ordinary shares with par value of Kyat 1,000 per share amounting to Kyat 20,000,000. PHLHML was incorporated on 29 September 2016 in Myanmar, held by wholly-owned subsidiary corporations of YSH, Yoma Development Group Pte Ltd (99%) and SPA Project Management Pte Ltd (1%). PHLHML is an entity approved by MIC to develop a hotel at the Pun Hlaing Estate ("PHL Hotel") and will be taking over the development of PHL Hotel from Pun Hlaing Lodge Limited ("PHL") (the "PHL Business").

- *Asia Holidays Travels & Tours Company Limited*

  The issued and paid-up share capital of AHTT comprises 501 ordinary shares with par value of Kyats 1,000 per share amounting to Kyats 501,000. AHTT was incorporated on 11 August 2010 in Myanmar as a foreign company and it is a destination management company which provides full-scale tourism related services in Myanmar (the "DMC Business").

- *Traditional Lodge Hotel Company Limited*

  The issued and paid-up share capital of TLH comprises 500 ordinary shares with par value of Kyat 100,000 per share amounting to Kyat 50,000,000. TLH was incorporated on 1 October 2013 in Myanmar as a foreign company to own and manage the operations of Hpa-An Lodge, a resort located on approximately 2.48 acres of land in Hpa-An Township, Karen State, Myanmar. Hpa-An Lodge is a luxury 19-room boutique hotel (the "HAL Business").

As contemplated in the Supplemental SPA, for the purpose of the Proposed Transaction and prior to the Latest Practicable Date, the Target Company undertook a restructuring exercise to streamline the Target Group structure for the purpose of consolidating the following interests under MM Myanmar:

(a) the legal and beneficial ownership of 100.0% of the issued and paid-up share capital of PHLHML that owns the PHL Business and a long term lease of the PHL Land from PHL;

(b) the legal and beneficial ownership of 40.0% of the issued and paid-up share capital of SLTG which owns the BOB Business and the economic interests in respect of the remaining 60.0% of the issued and paid-up share capital of SLTG;

2. The Proposed Transaction (continued)

(c) the legal and beneficial ownership of 59.9% of the issued and paid-up share capital of AHTT which owns the DMC Business and the economic interests in respect of the remaining 40.1% of the issued and paid-up share capital of AHTT;

(d) the economic interests in respect of 100% of the issued and paid-up share capital of CIL which owns the BL Business; and

(e) the economic interests in respect of 100% of the issued and paid-up share capital of TLH which owns the HAL Business.

The above interests are collectively referred to as "Memories Businesses".

It is also envisaged that further restructuring of the Memories Group will be undertaken subsequent to completion of the Proposed Transactions (the "Completion").

Unless otherwise defined, terms used above and in Note 3 shall bear the meanings ascribed to the Circular.

3. The Enlarged Group

Composition of the Enlarged Group

Upon completion of the Proposed Transaction, the Company will have the following interests:

Name of Memories Group Company	Date and place of incorporation	Principal business	Principal place of business	% effective ownership	Notes in relation to the effective ownership
MM Myanmar	23 December 2016, Singapore	Investment holding	78 Shenton Way #32-00 Singapore 079120	100%	SHC Capital Asia Limited has a deemed interest in 100% of the issued and paid-up shares of MM Myanmar.
SLTG	17 March 1999, Myanmar	BOB Business	The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	100%	MM Myanmar has a deemed interest in 100% of the issued and paid-up shares of SLTG by virtue of BOB SPV's ownership of the 60% of the issued and paid-up shares of SLTG and BOB SPV's rights, through the BOB POA to exercise certain powers and authority over the remaining 40% of the issued shares of SLTG in conjunction with its holding of economic interests in respect of such shares.
CIL	14 August 2013, Myanmar	BL Business (prior to the Completion of BL APA)	The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	100%	MM Myanmar has a deemed interest in 100% of the issued and paid-up shares of CIL by virtue of BL SPV's rights, through the BL POA, to exercise certain powers and authority over 100% of the issued and paid-up shares of CIL in conjunction with BL SPV's holding of economic interests in respect of such shares.

3. The Enlarged Group (continued)

Composition of the Enlarged Group (continued)

Name of Memories Group Company	Date and place of incorporation	Principal business	Principal place of business	% effective ownership	Notes in relation to the effective ownership
BL MM Co	31 March 2017, Myanmar	BL Business (upon Completion of the BL APA)	The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	100%	MM Myanmar has a deemed interest in 100% of the issued and paid-up shares of BL MM Co by virtue of its direct interest of 1 share in HAL MM Co and HAL SPV's direct interest of the remaining issued and paid-up shares of BL MM Co.
BOB SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	100%	MM Myanmar has a direct interest in 100% of the issued shares of BOB SPV.
AHTT	11 August 2000, Myanmar	DMC Business	The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	100%	MM Myanmar has a deemed interest in 100% of the issued and paid-up shares of AHTT by virtue of DMC SPV's ownership of 59.9% of the issued and paid-up shares of AHTT and DMC SPV's rights, through the DMC POA to exercise certain powers and authority over the remaining 40.1% of the issued and paid-up shares of AHTT in conjunction with its holding of economic interests in respect of such shares.
DMC SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	100%	MM Myanmar has a direct interest in 100% of the issued and paid-up shares of DMC SPV.

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3. The Enlarged Group (continued)

Composition of the Enlarged Group (continued)

Name of Memories Group Company	Date and place of incorporation	Principal business	Principal place of business	% effective ownership	Notes in relation to the effective ownership
TLH	1 October 2013, Myanmar	HAL Business (prior to Completion of the HAL APA)	The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	100%	MM Myanmar has a deemed interest in 100% of the issued and paid-up shares of TLH by virtue of HAL SPV's rights, through the HAL POA to exercise certain powers and authority over 100% of the issued and paid-up shares of TLH in conjunction with HAL SPV's holding of economic interests in respect of such shares.
HAL MM Co	31 March 2017, Myanmar	HAL Business (upon Completion of the HAL APA)	The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	100%	MM Myanmar has a deemed interest in 100% of the issued and paid-up shares of HAL MM Co by virtue of its direct interest of 1 share in HAL MM Co and HAL SPV's direct interest of the remaining issued and paid-up shares of HAL MM Co.
HAL SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	100%	MM Myanmar has a direct interest in 100% of the issued and paid-up shares of HAL SPV.
PHLHML	26 October 2012, Myanmar	PHL Business	The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	100%	MM Myanmar has a deemed interest in 100% of the issued and paid-up shares of PHLHML by virtue of PHL SPV's ownership of the 99% and MM Myanmar's direct ownership of the 1% of the issued and paid-up shares of PHLHML.
PHL SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	100%	MM Myanmar has a direct interest in 100% of the issued and paid-up shares of PHL SPV.

4. Basis of Preparation and Compilation of the Unaudited Pro Forma Consolidated Financial Information

The unaudited pro forma consolidated financial information refers to the consolidated financial information of the Enlarged Group which is presented in United States Dollar ("US$") and all values presented are rounded to the nearest thousand ("US$'000") unless otherwise indicated.

The unaudited pro forma consolidated financial information of the Enlarged Group has been prepared for illustrative purpose only. It has been prepared based on certain assumptions and after making certain adjustments to show what:

(i) the unaudited pro forma financial performance of the Enlarged Group for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017 would have been if the Proposed Transaction had occurred on 1 April 2014;

(ii) the unaudited pro forma financial position of the Enlarged Group as at 31 March 2017 and 30 June 2017 would have been if the Proposed Transaction had occurred on 31 March 2017 and 30 June 2017 respectively; and

(iii) the unaudited pro forma cash flows of the Enlarged Group for the financial year ended 31 March 2017 and the three-month period ended 30 June 2017 would have been if the Proposed Transaction had occurred on 1 April 2016.

However, the unaudited pro forma consolidated financial information of the Enlarged Group because of its nature may not give a true picture of the financial position, financial performance and cash flows of the Enlarged Group, and is not necessarily, indicative of the results of the operations and cash flows or the related effects on the financial position that would have been attained had the Enlarged Group actually existed earlier.

4. Basis of Preparation and Compilation of the Unaudited Pro Forma Consolidated Financial Information (continued)

The unaudited pro forma consolidated financial information of the Enlarged Group has been compiled based on the following:

(i) The unaudited financial statements of the Company for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017 which have been prepared in accordance with Singapore Financial Reporting Standards.

(ii) The unaudited pro forma consolidated financial information of the Target Group for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017 which has been compiled in a manner consistent with the accounting policies adopted by the Target Group in accordance with Singapore Financial Reporting Standards and the basis of the applicable criteria stated in Note 5 of the unaudited pro forma consolidated financial information of the Target Group in Appendix D of the Circular. The unaudited pro forma consolidation financial information of the Target Group has been reported by Nexia TS Public Accounting Corporation in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Consolidated Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. The auditor's report on the compilation of unaudited pro forma consolidation financial information of the Target Group was not subject to any modification.

The unaudited pro forma consolidated financial information are prepared using uniform accounting policies, for like transactions and other event in similar circumstances, as set out in respective financial information in the Circular.

4. Basis of Preparation and Compilation of the Unaudited Pro Forma Consolidated Financial Information (continued)

In arriving at the unaudited pro forma consolidated financial information of the Enlarged Group, the following key adjustments and assumptions have been made:

(a) Proposed acquisition of MM Myanmar

The acquisition of MM Myanmar would result in dilution of the shareholding of current shareholders of the Company from 100.00% to 14.16%, as such, the acquisition of MM Myanmar will be accounted for in the unaudited pro forma consolidated financial information as a reverse acquisition where MM Myanmar is deemed as the accounting acquirer while the Company is deemed as the accounting acquiree.

The issue of new shares for the acquisition of MM Myanmar would result in the shareholders of MM Myanmar obtaining majority interest in the enlarged share capital of the Company, in which it is deemed that MM Myanmar, the legal subsidiary (accounting acquirer) that acquires SHC Capital Asia Limited, the legal acquirer (accounting acquiree). In view that the Company has ceased its operations and its activities are limited to managing its cash balances and meeting its obligation, the Company is not considered as a business by definition of FRS 103 *Business combination*. As such, the reverse acquisition transaction by MM Myanmar is not considered as business combination under FRS 103. Instead, the transaction is considered to be capital transaction of the legal acquiree and is the equivalent to the issuance of shares by the legal subsidiary for the net monetary assets of the listed shell, accompanied by a recapitalisation.

The unaudited pro forma consolidated financial information of the Enlarged Group presented for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017 has been prepared using reverse acquisition accounting for the proposed acquisition of MM Myanmar as set out in FRS 102 *Share-based Payment*.

4. Basis of Preparation and Compilation of the Unaudited Pro Forma Consolidated Financial Information (continued)

(a) Proposed acquisition of MM Myanmar (continued)

Under reverse acquisition accounting:

- the assets and liabilities of MM Myanmar and its subsidiary corporations are recognised and measured in the statements of financial position of the Enlarged Group at their pre-acquisition carrying amounts;

- the assets and liabilities of the Company are recognised and measured in the consolidated statements of financial position at their acquisition-date fair values;

- the retained profits and other equity balances recognised in the consolidated financial information are the accumulated profits and other equity balances of MM Myanmar and its subsidiary corporations immediately before the reverse acquisition;

- the amount recognised as issued equity instruments in the consolidated financial information is determined by adding to the issued equity of MM Myanmar immediately before the reverse acquisition to the costs of the reverse acquisition. However, the equity structure appearing in the unaudited pro forma consolidated financial information (i.e. the number and type of equity instruments issued) reflect the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the Company to effect the reverse acquisition;

- the unaudited pro forma consolidated statements of comprehensive income reflects the full financial year results of MM Myanmar and its subsidiary corporations together with the post-acquisition results of the Company and the comparative figures presented in these consolidated financial information.

4. Basis of Preparation and Compilation of the Unaudited Pro Forma Consolidated Financial Information (continued)

(a) Proposed acquisition of MM Myanmar (continued)

Under reverse acquisition accounting: (continued)

- The deemed consideration of reverse acquisition of the Company by MM Myanmar in the form of equity issued to shareholders of the Company has been assumed to be approximately US$8,226,000 and US$8,354,000 as at 31 March 2017 and 30 June 2017 respectively (equivalent to S$11,496,203 at exchange rate of 1.3976 and 1.3762 as at 31 March 2017 and 30 June 2017 respectively as determined based on share price of S$0.263 and 43,711,798 issued and fully paid ordinary shares) for the purpose of this transaction. In accordance with FRS 102, the deemed consideration is generally measured at acquisition-date fair value based on the closing share price at the completion date of the Proposed Transaction. Accordingly, the deemed consideration determined on the actual completion date may differ from the assumption used.

- The fair values of the identifiable net assets of the Company acquired are assumed to be approximately US$3,139,000 and US$3,187,000 as at 31 March 2017 and 30 June 2017 respectively, which are equivalent to the agreed carrying amounts of the net assets of the Company of S$4,386,639 at exchange rate of 1.3976 as at 31 March 2017 and S$4,385,949 at exchange rate of 1.3762 as at 30 June 2017 respectively, determined from cash reserve of S$5,000,000, net of estimated professional fees of S$613,361 to be paid out of the cash reserve (i.e. approximately US$439,000 as at 31 March 2017 and US$446,000 as at 30 June 2017). The cash balance in excess of the agreed net cash reserve of approximately US$3,139,000 as at 31 March 2017 and US$3,188,000 as at 30 June 2017 and the estimated professional fees borne by the Company of approximately US$487,000 as at 31 March 2017 and US$495,000 as at 30 June 2017, deemed consideration of approximately US$1,080,000 as at 31 March 2017 and US$708,000 as at 30 June 2017 is assumed to be distributed to existing shareholders of the Company as capital reduction. As the carrying values of the net assets of the Company exclude the effect of the fair value adjustments to the assets, liabilities and contingent liabilities arising from the Proposed Transaction, the financial effects exclude the effects of any other adjustments arising from these fair value adjustments.

4. Basis of Preparation and Compilation of the Unaudited Pro Forma Consolidated Financial Information (continued)

(a) Proposed acquisition of MM Myanmar (continued)

Under reverse acquisition accounting: (continued)

- The difference between the deemed consideration of reverse acquisition and the fair values of the identifiable net assets acquired of approximately US$5,087,000 is recognised as an expense in profit or loss for the financial year ended 31 March 2015 for the purpose of presenting the pro forma consolidated statements of comprehensive income and for the financial year ended 31 March 2017 for the purpose of presenting the pro forma consolidated statements of cash flows. The eventual amounts of any excess/shortfall of the equity interest issued by MM Myanmar over the fair values of the identifiable net assets of the Company to be recognised in profit or loss could be materially different from the amount derived based on the assumption used.

(b) The acquisition-related costs relating to the Proposed Transaction of approximately US$3,972,000 are deemed to have been incurred and settled by the Enlarged Group in cash during the financial year ended 31 March 2015 for the purpose of presenting the pro forma consolidated statements of comprehensive income and during the financial year ended 31 March 2017 for the purpose of presenting the pro forma consolidated statements of cash flows. Out of which, an amount of approximately US$439,000 is assumed to be paid out of the cash reserve as explained in (a) above, an amount of approximately US$487,000 is assumed to be paid by the Company from its excess cash balance and the remaining balance of approximately US$3,046,000 which is to be borne by the Vendors, is assumed to be incurred by the Target Group. This may differ from the actual cost at the completion of the Proposed Transaction.

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5. Statement of Adjustments

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2015

The following adjustments have been made in arriving at the Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2015:

	Per Unaudited Statement of Comprehensive Income of the Company for the financial year ended 31 March 2015	Per Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Target Group for the financial year ended 31 March 2015	Pro Forma Adjustments (a)	Pro Forma Adjustments (b)	Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Enlarged Group for the financial year ended 31 March 2015
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	–	10,303	–	–	10,303
Cost of sales	–	(6,082)	–	–	(6,082)
Gross profit	–	4,221	–	–	4,221
Other income/(loss), net	52,812	(1)	–	–	52,811
Expenses					
– Administrative	(1,504)	(2,608)	(5,087)	(3,972)	(13,171)
– Distribution and marketing	–	(112)	–	–	(112)
Profit before income tax	51,308	1,500	(5,087)	(3,972)	43,749
Income tax expense	–	(472)	–	–	(472)
Net profit	51,308	1,028	(5,087)	(3,972)	43,277
Other comprehensive income/(loss)	5,186	(2)	–	–	5,184
Total comprehensive income	56,494	1,026	(5,087)	(3,972)	48,461

(a) Being adjustment to reflect the effect of reverse acquisition as describe in Note 4(a).

(b) Being adjustment to reflect the acquisition-related costs as described in Note 4(b).

5. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2016

The following adjustments have been made in arriving at the Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2016:

	Per Unaudited Statement of Comprehensive Income of the Company for the financial year ended 31 March 2016	Per Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Target Group for the financial year ended 31 March 2016	Pro Forma Adjustments	Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Enlarged Group for the financial year ended 31 March 2016
	US$'000	US$'000	US$'000	US$'000
Revenue	–	10,572	–	10,572
Cost of sales	–	(6,258)	–	(6,258)
Gross profit	–	4,314	–	4,314
Other income, net	61	267	–	328
Expenses				
– Administrative	(2,027)	(2,774)	–	(4,801)
– Distribution and marketing	–	(90)	–	(90)
(Loss)/profit before income tax	(1,966)	1,717	–	(249)
Income tax expense	(2)	(432)	–	(434)
Net (loss)/profit	(1,968)	1,285	–	(683)
Other comprehensive income/(loss)	103	(1)	–	102
Total comprehensive (loss)/income	(1,865)	1,284	–	(581)

5. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2017

The following adjustments have been made in arriving at the Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2017:

	Per Unaudited Statement of Comprehensive Income of the Company for the financial year ended 31 March 2017	Per Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Target Group for the financial year ended 31 March 2017	Pro Forma Adjustments (a)	Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Enlarged Group for the financial year ended 31 March 2017
	US$'000	**US$'000**	**US$'000**	**US$'000**
Revenue	–	11,571	–	11,571
Cost of sales	–	(6,701)	–	(6,701)
Gross profit	–	4,870	–	4,870
Other income, net	54	144	–	198
Expenses				
– Administrative	(1,766)	(3,373)	116	(5,023)
– Distribution and marketing	–	(106)	–	(106)
(Loss)/profit before income tax	(1,712)	1,535	116	(61)
Income tax expense	–	(476)	–	(476)
Net (loss)/profit	(1,712)	1,059	116	(537)
Other comprehensive loss	(29)	(1)	–	(30)
Total comprehensive (loss)/income	(1,741)	1,058	116	(567)

(a) Being adjustment to reverse actual acquisition-related costs recognised by the Company as described in Note 4(b).

5. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the three-month period ended 30 June 2016

The following adjustments have been made in arriving at the Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the three-month period ended 30 June 2016:

	Per Unaudited Statement of Comprehensive Income of the Company for the three-month period ended 30 June 2016	Per Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Target Group for the three-month period ended 30 June 2016	Pro Forma Adjustments (a)	Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Enlarged Group for the three-month period ended 30 June 2016
	US$'000	US$'000	US$'000	US$'000
Revenue	–	380	–	380
Cost of sales	–	(341)	–	(341)
Gross profit	–	39	–	39
Other income/(loss), net	16	(8)	–	8
Expenses				
– Administrative	(385)	(622)	116	(891)
– Distribution and marketing	–	(18)	–	(18)
Loss before income tax	(369)	(609)	116	(862)
Income tax credit	–	17	–	17
Net loss	(369)	(592)	116	(845)
Other comprehensive income	5	–	–	5
Total comprehensive loss	(364)	(592)	116	(840)

(a) Being adjustment to reverse actual acquisition-related costs recognised by the Company as described in Note 4(b).

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5. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the three-month period ended 30 June 2017

The following adjustments have been made in arriving at the Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the three-month period ended 30 June 2017:

	Per Unaudited Statement of Comprehensive Income of the Company for the three-month period ended 30 June 2017	Per Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Target Group for the three-month period ended 30 June 2017	Pro Forma Adjustments (a)	Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Enlarged Group for the three-month period ended 30 June 2017
	US$'000	US$'000	US$'000	US$'000
Revenue	–	578	–	578
Cost of sales	–	(431)	–	(431)
Gross profit	–	147	–	147
Other income/(loss), net	6	(66)	–	(60)
Expenses				
– Administrative	(457)	(807)	183	(1,081)
– Distribution and marketing	–	(51)	–	(51)
Loss before income tax	(451)	(777)	183	(1,045)
Income tax credit	–	17	–	17
Net loss	(451)	(760)	183	(1,028)
Other comprehensive income	6	3	–	9
Total comprehensive loss	(445)	(757)	183	(1,019)

(a) Being adjustment to reverse actual acquisition-related costs recognised by the Company as described in Note 4(b).

5. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Financial Position as at 31 March 2017

The following adjustments have been made in arriving at the Unaudited Pro Forma Consolidated Statement of Financial Position as at 31 March 2017:

	Per Unaudited Statement of Financial Position of the Company as at 31 March 2017	Per Unaudited Pro Forma Consolidated Statement of Financial Position of the Target Group as at 31 March 2017	Pro Forma Adjustments (a)	Pro Forma Adjustments (b)	Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group as at 31 March 2017
	US$'000	US$'000	US$'000	US$'000	US$'000
ASSETS					
Current assets					
Cash and bank balances	5,192	699	(2,053)	(3,046)	792
Trade and other receivables	21	2,169	(21)	–	2,169
Inventories	–	105	–	–	105
Development properties	–	6,666	–	–	6,666
	5,213	9,639	(2,074)	(3,046)	9,732
Non-current assets					
Property, plant and equipment	202	16,411	(202)	–	16,411
Intangible assets	–	10,219	–	–	10,219
	202	26,630	(202)	–	26,630
Total assets	5,415	36,269	(2,276)	(3,046)	36,362

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5. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Financial Position as at 31 March 2017 (continued)

	Per Unaudited Statement of Financial Position of the Company as at 31 March 2017	Per Unaudited Pro Forma Consolidated Statement of Financial Position of the Target Group as at 31 March 2017	Pro Forma Adjustments (a)	Pro Forma Adjustments (b)	Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group as at 31 March 2017
	US$'000	US$'000	US$'000	US$'000	US$'000
LIABILITIES					
Current liabilities					
Trade and other payables	386	2,423	(386)	–	2,423
Current income tax liabilities	–	808	–	–	808
	386	3,231	(386)	–	3,231
Non-current liabilities					
Deferred income tax liabilities	–	133	–	–	133
Total liabilities	386	3,364	(386)	–	3,364
Net assets	5,029	32,905	(1,890)	(3,046)	32,998
EQUITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	8,204	50,388	22	–	58,614
Currency translation reserve	(251)	(5)	251	–	(5)
Restructuring reserve	–	(19,839)	–	–	(19,839)
(Accumulated losses)/ Retained profits	(2,924)	2,361	(2,163)	(3,046)	(5,772)
	5,029	32,905	(1,890)	(3,046)	32,998

(a) Being adjustment to reflect the effect of reverse acquisition as describe in Note 4(a).

(b) Being adjustment to reflect the acquisition-related costs as described in Note 4(b).

SHC Capital Asia Limited and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-month Period ended 30 June 2017

5. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Financial Position as at 30 June 2017

The following adjustments have been made in arriving at the Unaudited Pro Forma Consolidated Statement of Financial Position as at 30 June 2017:

	Per Unaudited Statement of Financial Position of the Company as at 30 June 2017	Per Unaudited Pro Forma Consolidated Statement of Financial Position of the Target Group as at 30 June 2017	Pro Forma Adjustments (a)	Pro Forma Adjustments (b)	Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group as at 30 June 2017
	US$'000	US$'000	US$'000	US$'000	US$'000
ASSETS					
Current assets					
Cash and bank balances	4,606	483	(1,418)	(3,031)	640
Trade and other receivables	13	1,478	(13)	–	1,478
Inventories	–	105	–	–	105
Development properties	–	6,666	–	–	6,666
	4,619	8,732	(1,431)	(3,031)	8,889
Non-current assets					
Property, plant and equipment	182	16,727	(182)	–	16,727
Intangible assets	–	10,247	–	–	10,247
	182	26,974	(182)	–	26,974
Total assets	4,801	35,706	(1,613)	(3,031)	35,863

SHC Capital Asia Limited and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-month Period ended 30 June 2017

5. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Financial Position as at 30 June 2017 (continued)

	Per Unaudited Statement of Financial Position of the Company as at 30 June 2017	Per Unaudited Pro Forma Consolidated Statement of Financial Position of the Target Group as at 30 June 2017	Pro Forma Adjustments (a)	Pro Forma Adjustments (b)	Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group as at 30 June 2017
	US$'000	US$'000	US$'000	US$'000	US$'000
LIABILITIES					
Current liabilities					
Trade and other payables	148	2,320	(148)	–	2,320
Current income tax liabilities	–	808	–	–	808
	148	3,128	(148)	–	3,128
Non-current liabilities					
Deferred income tax liabilities	–	116	–	–	116
Total liabilities	148	3,244	(148)	–	3,244
Net assets	4,653	32,462	(1,465)	(3,031)	32,619
EQUITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	8,204	50,388	150	–	58,742
Currency translation reserve	(165)	(2)	165	–	(2)
Restructuring reserve	–	(19,655)	–	–	(19,655)
(Accumulated losses)/ Retained profits	(3,386)	1,731	(1,780)	(3,031)	(6,466)
	4,653	32,462	(1,465)	(3,031)	32,619

(a) Being adjustment to reflect the effect of reverse acquisition as describe in Note 4(a).

(b) Being adjustment to reflect the acquisition-related costs as described in Note 4(b).

SHC Capital Asia Limited and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-month Period ended 30 June 2017

5. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 March 2017

	Per Unaudited Statement of Cash Flows of the Company for the financial year ended 31 March 2017	Per Unaudited Pro Forma Consolidated Statement of Cash Flows of the Target Group for the financial year ended 31 March 2017	Pro Forma Adjustments (a)	Pro Forma Adjustments (b)	Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group for the financial year ended 31 March 2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from operating activities					
Net (loss)/profit	(1,712)	1,059	(5,087)	(3,856)	(9,596)
Adjustments for:					
– Income tax expense	–	476	–	–	476
– Interest income–bank balances	(54)	(3)	–	–	(57)
– Depreciation of property, plant and equipment	91	620	–	–	711
– Amortisation of intangible assets	–	273	–	–	273
– Share-based payment expense arising from reverse acquisition	–	–	5,087	–	5,087
– Loss on disposal property, plant and equipment	–	1	–	–	1
– Unrealised currency translation loss	–	1	–	–	1
	(1,675)	2,427	–	(3,856)	(3,104)

SHC Capital Asia Limited and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-month Period ended 30 June 2017

5. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 March 2017 (continued)

	Per Unaudited Statement of Cash Flows of the Company for the financial year ended 31 March 2017	Per Unaudited Pro Forma Consolidated Statement of Cash Flows of the Target Group for the financial year ended 31 March 2017	Pro Forma Adjustments (a)	Pro Forma Adjustments (b)	Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group for the financial year ended 31 March 2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Changes in working capital					
– Trade and other receivables	–	(3,264)	21	–	(3,243)
– Trade and other payables	53	5,641	(386)	–	5,308
Cash (used in)/ generated from operations	(1,622)	4,804	(365)	(3,856)	(1,039)
Interest received	28	3	–	–	31
Income tax paid	–	(414)	–	–	(414)
Net cash (used in)/ provided by operating activities	(1,594)	4,393	(365)	(3,856)	(1,422)
Cash flows from investing activities					
Acquisition of subsidiary corporation, net of cash acquired	–	–	3,139	–	3,139
Deposits released from escrow account	20,999	–	–	–	20,999
Deposits released from standby letter of credit	903	–	–	–	903
Additions to property, plant and equipment	–	(5,368)	–	–	(5,368)
Proceeds from disposal of property, plant and equipment	–	1	202	–	203
Net cash provided by/ (used in) investing activities	21,902	(5,367)	3,341	–	19,876

SHC Capital Asia Limited and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-month Period ended 30 June 2017

5. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 March 2017 (continued)

	Per Unaudited Statement of Cash Flows of the Company for the financial year ended 31 March 2017	Per Unaudited Pro Forma Consolidated Statement of Cash Flows of the Target Group for the financial year ended 31 March 2017	Pro Forma Adjustments (a)	Pro Forma Adjustments (b)	Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group for the financial year ended 31 March 2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from financing activities					
Dividends paid	–	(359)	–	–	(359)
Repayment of loans from shareholders	–	(120)	–	–	(120)
Capital reduction payment	(20,999)	–	(1,080)	–	(22,079)
Net cash used in financing activities	(20,999)	(479)	(1,080)	–	(22,558)
Net decrease in cash and bank balances	(691)	(1,453)	1,896	(3,856)	(4,104)
Cash and bank balances					
Beginning of financial year	5,933	2,157	(3,139)	–	4,951
Effect of currency translation on cash and bank balances	(50)	(5)	–	–	(55)
End of financial year	5,192	699	(1,243)	(3,856)	792

(a) Being adjustment to reflect the effect of reverse acquisition as describe in Note 4(a).

(b) Being adjustment to reflect the acquisition-related costs as described in Note 4(b).

SHC Capital Asia Limited and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-month Period ended 30 June 2017

5. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the three-month period ended 30 June 2017

	Per Unaudited Statement of Cash Flows of the Company for the three-month period ended 30 June 2017	Per Unaudited Pro Forma Consolidated Statement of Cash Flows of the Target Group for the three-month period ended 30 June 2017	Pro Forma Adjustments (a)	Pro Forma Adjustments (b)	Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group for the three-month period ended 30 June 2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from operating activities					
Net loss	(451)	(760)	–	183	(1,028)
Adjustments for:					
– Income tax credit	–	(17)	–	–	(17)
– Interest income–bank balances	(6)	(1)	–	–	(7)
– Depreciation of property, plant and equipment	23	172	(23)	–	172
– Amortisation of intangible assets	–	68	–	–	68
– Gain on disposal property, plant and equipment	–	(5)	–	–	(5)
– Unrealised currency translation loss	63	1	309	–	373
	(371)	(542)	286	183	(444)

SHC Capital Asia Limited and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-month Period ended 30 June 2017

5. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the three-month period ended 30 June 2017 (continued)

	Per Unaudited Statement of Cash Flows of the Company for the three-month period ended 30 June 2017	Per Unaudited Pro Forma Consolidated Statement of Cash Flows of the Target Group for the three-month period ended 30 June 2017	Pro Forma Adjustments (a)	Pro Forma Adjustments (b)	Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group for the three-month period ended 30 June 2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Changes in working capital					
– Trade and other receivables	8	160	(8)	–	160
– Trade and other payables	(243)	561	243	–	561
Cash (used in)/ generated from operations	(606)	179	521	183	277
Interest received	6	1	–	–	7
Net cash (used in)/ provided by operating activities	(600)	180	521	183	284
Cash flows from investing activities					
Additions to property, plant and equipment	–	(439)	–	–	(439)
Proceeds from disposal of property, plant and equipment	–	6	–	–	6
Net used in investing activities	–	(433)	–	–	(433)

SHC Capital Asia Limited and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the Financial Years ended 31 March 2015, 2016 and 2017 and the Three-month Period ended 30 June 2017

5. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the three-month period ended 30 June 2017 (continued)

	Per Unaudited Statement of Cash Flows of the Company for the three-month period ended 30 June 2017	Per Unaudited Pro Forma Consolidated Statement of Cash Flows of the Target Group for the three-month period ended 30 June 2017	Pro Forma Adjustments (a)	Pro Forma Adjustments (b)	Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group for the three-month period ended 30 June 2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Net decrease in cash and bank balances	(600)	(253)	521	183	(149)
Cash and bank balances					
Beginning of financial period	5,192	738	(2,107)	(3,031)	792
Effect of currency translation on cash and bank balances	14	(2)	(15)	–	(3)
End of financial period	4,606	483	(1,601)	(2,848)	640

(a) Being adjustment to reflect the effect of reverse acquisition as describe in Note 4(a).

(b) Being adjustment to reflect the acquisition-related costs as described in Note 4(b).

6. Earnings/(loss) per Share

Basic earnings/(loss) per share are calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017. The number of ordinary shares outstanding is based on the number of shares of the Company as at 30 June 2017 of 308,709,000 ordinary shares assuming the Proposed Transaction had been in place since 1 April 2014.

	Number of Share issued '000
Ordinary shares:	
Shares capital of SHC Capital Limited as at 30 June 2017 before the Proposed Transaction (assuming the proposed share consolidation has been completed)	43,712
Issuance of shares pursuant to the Proposed Transaction	264,997
	308,709

	For the financial year ended 31 March			**For the three-month period ended 30 June**	
	2015	**2016**	**2017**	**2016**	**2017**
Net profit/(loss) attributable to equity holders of the Company (US$'000)	43,277	(683)	(537)	(845)	(1,028)
Weighted average number of ordinary shares outstanding for basic earnings/(loss) per share ('000)	308,709	308,709	308,709	308,709	308,709
Basic and diluted earnings/(loss) per share (cents)	14.02	(0.22)	(0.17)	(0.27)	(0.33)

APPENDIX D – UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF MM MYANMAR PTE. LTD. AND ITS SUBSIDIARY CORPORATIONS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 2016 AND 2017 AND THE THREE-MONTH PERIOD ENDED 30 JUNE 2017

The Board of Directors
MM Myanmar Pte. Ltd.
70, Shenton Way, #30-00
Singapore 079120

REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF MM MYANMAR PTE. LTD. AND ITS SUBSIDIARY CORPORATIONS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 2016 AND 2017 AND THE THREE-MONTH PERIOD ENDED 30 JUNE 2017 INCLUDED IN THE CIRCULAR TO THE SHAREHOLDERS OF SHC CAPITAL ASIA LIMITED IN CONNECTION WITH THE PROPOSED ACQUISITION OF THE ENTIRE PAID-UP AND ISSUED SHARE CAPITAL OF MM MYANMAR PTE. LTD.

Dear Sirs

This report has been prepared solely for inclusion in the circular to the shareholders (the "Circular") of SHC Capital Asia Limited (the "Company") in connection with the proposed acquisition of the entire paid-up and issued share capital of MM Myanmar Pte. Ltd. (the "Target Company") and should not be used for any other purpose. The target group of companies comprising MM Myanmar Pte. Ltd. and its subsidiary corporations, following the completion of the proposed restructuring in respect of Shwe Lay Ta Gun Travels & Tours Company Limited ("SLTG"), Chindwin Investments Limited ("CIL") and Pun Hlaing Lodge Hotel Management Limited ("PHLHML") (collectively, shall be referred to as "Internal Restructuring") and the proposed acquisition of Asia Holidays Travels & Tours Company Limited ("AHTT") and Traditional Lodge Hotel Company Limited ("TLH") (collectively, shall be referred to as "Acquisition"), are collectively known as the "Target Group".

We have completed our assurance engagement to report on the compilation of the unaudited pro forma consolidated financial information of the Target Group in connection with the Target Company's Internal Restructuring and Acquisition. The unaudited pro forma consolidated financial information consists of the unaudited pro forma consolidated statements of comprehensive income for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017, the unaudited pro forma consolidated statements of financial position as at 31 March 2017 and 30 June 2017, the unaudited pro forma consolidated statements of cash flows for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017, and related notes as set out on pages D-4 to D-119 of the Circular issued in connection with the Company's proposed acquisition of the entire paid-up and issued share capital of the Target Company. The applicable criteria on the basis of which the Directors of the Target Company have compiled the unaudited pro forma consolidated financial information are described in Note 5 of the unaudited pro forma consolidated financial information.

The unaudited pro forma consolidated financial information has been compiled by the Directors of the Target Company to illustrate the impact of the Internal Restructuring of SLTG, CIL and PHLHML and the Acquisition of AHTT and TLH as described in Note 3, based on the criteria described in Note 5 of the unaudited pro forma consolidated financial information to show what:

(i) The unaudited pro forma consolidated statements of comprehensive income of the Target Group for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017 would have been if the Internal Restructuring and Acquisition occurred on 1 April 2014;

(ii) The unaudited pro forma consolidated statements of financial position of the Target Group as at 31 March 2017 and 30 June 2017 would have been if the Internal Restructuring and Acquisition occurred on 31 March 2017 and 30 June 2017 respectively; and

(iii) The unaudited pro forma consolidated statements of cash flows of the Target Group for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017 would have been if the Internal Restructuring and Acquisition occurred on 1 April 2014.

The dates on which the Internal Restructuring and Acquisition described above are assumed to have been undertaken, are herein collectively referred to as the Relevant Dates.

As part of this process, information about the unaudited pro forma consolidated financial information of the Target Group, have been extracted by the Directors of the Target Company from the audited financial statements of SLTG, CIL, Pun Hlaing Lodge Limited ("PHL"), AHTT and TLH for the financial years ended 31 March 2015, 2016 and 2017 and the unaudited interim financial statements of SLTG, CIL, PHL, AHTT and TLH for the three-month period ended 30 June 2017, on which an audit report and a review report of each entity respectively have been issued and included in the Circular.

Directors' Responsibility for the Unaudited Pro Forma Consolidated Financial Information

The Directors of the Target Company are responsible for compiling the unaudited pro forma consolidated financial information on the basis of the applicable criteria as described in Note 5 of the unaudited pro forma consolidated financial information.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the unaudited pro forma consolidated financial information has been compiled, in all material respects, by the Directors of the Target Company on the basis of the applicable criteria as described in Note 5 of the unaudited pro forma consolidated financial information.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Consolidated Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the unaudited pro forma consolidated financial information on the basis of the applicable criteria as described in Note 5 of the unaudited pro forma consolidated financial information.

The purpose of unaudited pro forma consolidated financial information of the Target Group included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Target Group as if the event had occurred or the

transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the Relevant Dates would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of the Target Company in the compilation of the unaudited pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Target Group, event or transaction in respect of which the unaudited pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma consolidated financial information has been compiled:

  (i) in a manner consistent with the accounting policies adopted by the Target Group, which are in accordance with Singapore Financial Reporting Standards;

  (ii) on the basis of the applicable criteria described in Note 5 of the unaudited pro forma consolidated financial information; and

(b) each material adjustment made to the information used in the preparation of the unaudited pro forma consolidated financial information is appropriate for the purpose of preparing such unaudited pro forma consolidated financial information.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Meriana Ang Mei Ling

Singapore
20 November 2017

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
Unaudited Pro Forma Consolidated Statements of Comprehensive Income
For the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017

	Note	For the financial year ended 31 March			For the three-month period ended 30 June	
		2015 US$'000	2016 US$'000	2017 US$'000	2016 US$'000	2017 US$'000
Revenue	8	10,303	10,572	11,571	380	578
Cost of sales		(6,082)	(6,258)	(6,701)	(341)	(431)
Gross profit		4,221	4,314	4,870	39	147
Other (loss)/income, net	9	(1)	267	144	(8)	(66)
Expenses						
– Administrative		(2,608)	(2,774)	(3,373)	(622)	(807)
– Distribution and marketing		(112)	(90)	(106)	(18)	(51)
Profit/(loss) before income tax		1,500	1,717	1,535	(609)	(777)
Income tax (expense)/credit	12	(472)	(432)	(476)	17	17
Net profit/(loss)		1,028	1,285	1,059	(592)	(760)
Other comprehensive income/(loss)						
Items that may be reclassified subsequently to profit or loss:						
– Currency translation (loss)/gain arising from consolidation		(2)	(1)	1	–	3
Total comprehensive income/(loss)		1,026	1,284	1,060	(592)	(757)
Earnings/(loss) per share attributable to equity holders of the Target Company (cents per share)						
Basic and diluted earnings/(loss)	13	1.48	1.84	1.52	(0.85)	(1.09)

The accompanying notes form an integral part of these pro forma consolidated financial information

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
Unaudited Pro Forma Consolidated Statements of Financial Position
As at 31 March 2017 and 30 June 2017

	Note	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
ASSETS			
Current assets			
Cash and bank balances		699	483
Trade and other receivables	14	2,169	1,478
Inventories	15	105	105
Development properties	17	6,666	6,666
		9,639	8,732
Non-current assets			
Property, plant and equipment	16	16,411	16,727
Intangible assets	18	10,219	10,247
		26,630	26,974
Total assets		36,269	35,706
LIABILITIES			
Current liabilities			
Trade and other payables	19	2,423	2,320
Current income tax liabilities		808	808
		3,231	3,128
Non-current liability			
Deferred income tax liabilities	20	133	116
Total liabilities		3,364	3,244
NET ASSETS		32,905	32,462
EQUITY			
Capital and reserves attributable to equity holders of the Target Company			
Share capital	21	50,388	50,388
Currency translation reserve	22	(5)	(2)
Restructuring reserve	23	(19,839)	(19,655)
Retained profits		2,361	1,731
Total equity		32,905	32,462

The accompanying notes form an integral part of these pro forma consolidated financial information

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
Unaudited Pro Forma Consolidated Statements of Cash Flows
For the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017

	Note	For the financial year ended 31 March			For the three-month period ended 30 June	
		2015	2016	2017	2016	2017
		US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from operating activities						
Net profit/(loss)		1,028	1,285	1,059	(592)	(760)
Adjustments for:						
– Income tax expense/(credit)	12	472	432	476	(17)	(17)
– Interest income – bank balances	9	(2)	(2)	(3)	(1)	(1)
– Depreciation of property, plant and equipment	10	328	507	620	143	172
– Amortisation of intangible assets	10	273	273	273	68	68
– (Gain)/loss on disposal of property, plant and equipment	9	–	(1)	1	–	(5)
– Unrealised currency translation loss		–	1	1	2	1
		2,099	2,495	2,427	(397)	(542)
Changes in working capital:						
– Trade and other receivables		(1,137)	(1,871)	(3,264)	(608)	160
– Inventories		(4)	(4)	–	(20)	–
– Trade and other payables		5,924	3,175	5,641	1,346	561
Cash generated from operations		6,882	3,795	4,804	321	179
Income tax paid		(298)	(518)	(414)	–	–
Interest received		2	2	3	1	1
Net cash provided by operating activities		6,586	3,279	4,393	322	180
Cash flows from investing activities						
Acquisition of subsidiary corporations, net of cash acquired		65	–	–	–	–
Additions to property, plant and equipment		(6,588)	(3,658)	(5,368)	(616)	(439)
Proceeds from disposal of property, plant and equipment		–	11	1	–	6
Net cash used in investing activities		(6,523)	(3,647)	(5,367)	(616)	(433)
Cash flows from financing activities						
Dividends paid		–	–	(359)	–	–
Loans from shareholders		1,379	74	–	–	–
Repayment of loans from shareholders		–	–	(120)	–	–
Net cash provided by/(used in) financing activities		1,379	74	(479)	–	–
Net increase/(decrease) in cash and bank balances		1,442	(294)	(1,453)	(294)	(253)
Cash and bank balances						
Beginning of the financial year/period		1,010	2,452	2,157	2,157	738
Effects of currency translation on cash and bank balances		–	(1)	(5)	1	(2)
End of the financial year/period		2,452	2,157	699	1,864	483

The accompanying notes form an integral part of these pro forma consolidated financial information

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017

These notes form an integral part of and should be read in conjunction with the accompanying unaudited pro forma consolidated financial information.

1. General Information

The unaudited pro forma consolidated financial information has been prepared for inclusion in the circular to shareholders (the "Circular") of SHC Capital Asia Limited (the "Company") in connection with the proposed acquisition of the entire issued and paid-up share capital of MM Myanmar Pte. Ltd. (the "Target Company" or "MM Myanmar") by the Company (the "Proposed Transaction").

The Target Company is a private limited company incorporated in Singapore on 23 December 2016. The principal activity of the Target Company is that of investment holding.

The registered office and principal place of business of the Target Company is located at 78 Shenton Way, #32-00, Singapore 079120.

The immediate holding corporation of the Target Company is Yoma Strategic Investments Ltd. which is incorporated in Singapore. The ultimate holding corporation of the Target Company is Yoma Strategic Holdings Ltd. which is incorporated in Singapore and listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

2. The Proposed Transaction

On 24 October 2016, the Company entered into a conditional sale and purchase agreement ("Original SPA") with Yoma Strategic Investments Ltd. ("YSIL"), First Myanmar Investment Company Limited ("FMI") and Exemplary Ventures Limited ("Corporate Vendor") (each, a "Vendor", collectively, "Vendors") to acquire from the Vendors the entire issued and paid-up share capital of MM Myanmar for purchase consideration of S$70,675,130 to be fully satisfied on the completion of the sale and purchase of the entire issued and paid-up share capital of the Target Company (the "Sale Shares") by the issuance and allotment of 268,726,731 consideration shares at the issue price of S$0.263 per share ("the Consideration Shares") to the Vendors (each in the relevant proportion) or as the Vendors may direct as provided.

On 23 December 2016, YSIL and FMI incorporated MM Myanmar in Singapore with initial share capital of S$2, held equally by YSIL and FMI. MM Myanmar in turn through its subsidiary corporations acquired the issued and paid-up share capital of and/or economic interests in the shares of Shwe Lay Ta Gun Travels & Tours Company Limited ("SLTG"), Chindwin Investments Limited ("CIL"), Asia Holidays Travels & Tours Company Limited ("AHTT"), Traditional Lodge Hotel Company Limited ("TLH") and Pun Hlaing Lodge Hotel Management Limited ("PHLHML").

On 17 August 2017, a supplemental agreement ("Supplement SPA") was entered into by the Company and the Vendors. Pursuant to the Supplemental SPA, the salient changes to the Original SPA were as follow:

(i) the consideration for the purchase of the Sale Shares has been reduced from S$70,675,130 to S$69,694,228. Following the reduction to the purchase consideration as aforesaid, the number of Consideration Shares to be issued and allotted to the Vendors and/or their nominees has been reduced by 3,729,666 Consideration Shares from 268,726,731 Consideration Shares to 264,997,065 Consideration Shares; and

2. The Proposed Transaction (continued)

(ii) the Company agreed with the Vendors on certain modifications to the restructuring of the Memories Businesses (as defined herein) from that as originally defined or otherwise contemplated under the Original SPA.

- *Shwe Lay Ta Gun Travels & Tours Company Limited*

  The issued and paid-up share capital of SLTG comprises 200 ordinary shares with par value of Kyat 100,000 per share amounting to Kyat 20,000,000. SLTG was incorporated on 17 March 1999 in Myanmar under the old Myanmar Citizen's Investment Law 2013 ("MCIL") issued by Myanmar Investment Commission ("MIC") and was acquired by Yoma Strategic Holdings Ltd. ("YSH") through its 70%-owned subsidiary corporation, Chindwin Holdings Pte. Ltd. ("CHPL") in June 2013. As part of the restructuring of its tourism assets, CHPL had, in August 2016, acquired the remaining 25% interest in SLTG from non-controlling interests, thus increased its interest in SLTG from 75% to 100%. SLTG owns and operates the hot-air balloon business under the name of "Balloons over Bagan" in Bagan and Inle Lake area, Myanmar (the "BOB Business").

- *Chindwin Investments Limited*

  The issued and paid-up share capital of CIL comprises 50,000 ordinary shares with par value of Kyat 1,000 per share amounting to Kyat 50,000,000. CIL was incorporated on 14 August 2013 in Myanmar, held by CHLPL. CIL currently holds a 4.31 acre parcel of land located in Nyaung U Township, Bagan, Myanmar (the "BL Land"). The Target Group envisages that the principal business of CIL will be a travel, leisure and/or attractions business in Bagan, Myanmar (the "BL Business").

- *Pun Hlaing Lodge Hotel Management Limited*

  The issued and paid-up share capital of PHLHML comprises 20,000 ordinary shares with par value of Kyat 1,000 per share amounting to Kyat 20,000,000. PHLHML was incorporated on 29 September 2016 in Myanmar, held by wholly-owned subsidiary corporations of YSH, Yoma Development Group Pte Ltd (99%) and SPA Project Management Pte Ltd (1%). PHLHML is an entity approved by MIC to develop a hotel at the Pun Hlaing Estate ("PHL Hotel") and will be taking over the development of PHL Hotel from Pun Hlaing Lodge Limited ("PHL") (the "PHL Business").

2. The Proposed Transaction (continued)

- *Asia Holidays Travels & Tours Company Limited*

  The issued and paid-up share capital of AHTT comprises 501 ordinary shares with par value of Kyats 1,000 per share amounting to Kyats 501,000. AHTT was incorporated on 11 August 2010 in Myanmar as a foreign company and it is a destination management company which provides full-scale tourism related services in Myanmar (the "DMC Business").

- *Traditional Lodge Hotel Company Limited*

  The issued and paid-up share capital of TLH comprises 500 ordinary shares with par value of Kyats 100,000 per share amounting to Kyats 50,000,000. TLH was incorporated on 1 October 2013 in Myanmar as a foreign company to own and manage the operations of Hpa-An Lodge, a resort located on approximately 2.48 acres of land in Hpa-An Township, Karen State, Myanmar. Hpa-An Lodge is a luxury 19-room boutique resort hotel (the "HAL Business").

As contemplated in the Supplemental SPA, for the purpose of the Proposed Transaction and prior to the Latest Practicable Date, the Target Company undertook a restructuring and acquisition exercise to streamline the Target Group structure for the purposes of consolidating the following interests under MM Myanmar:

(a) the legal and beneficial ownership of 100.0% of the issued and paid-up share capital of PHLHML that owns the PHL Business and a long term lease of the PHL Land from PHL;

(b) the legal and beneficial ownership of 40.0% of the issued and paid-up share capital of SLTG which owns the BOB Business and the economic interests in respect of the remaining 60.0% of the issued and paid-up shares of SLTG;

(c) the legal and beneficial ownership 59.9% of the issued and paid-up share capital of AHTT which owns the DMC Business and the economic interests in respect of the remaining 40.1% of the issued and paid-up share capital of AHTT;

(d) the economic interests in respect of 100% of the issued and paid-up share capital of CIL which owns the BL Business; and

2. The Proposed Transaction (continued)

(e) the economic interests in respect of 100% of the issued and paid up share capital of TLH which owns the HAL Business.

The above interests are collectively referred to as "Memories Businesses".

It is also envisaged that further restructuring of the Target Group will be undertaken subsequent to completion of the Proposed Transaction (the "Completion").

The restructuring of companies and businesses of Target Group consists of transfer of the issued and paid-up share capital and/or acquisition of the economic interest in the shares which are further explained in Note 3. The restructuring of SLTG, CIL and PHLHML (collectively, "Yoma Assets") by the Target Company will be accounted for using the pooling-of interest method and shall be referred to as "Internal Restructuring" as it involves entities under common control of YSIL before and after the restructuring. The acquisition of AHTT and TLH by the Target Company will be accounted for using acquisition method and shall be referred to as "Acquisition".

3. The Proposed Restructuring Exercise

Unless otherwise defined, terms used herein shall bear the meanings ascribed to the Circular.

Set out below are the transactions or steps that, pursuant to the Internal Restructuring and Acquisition (collectively, the "Restructuring") (a) were completed, entered into or taken (as the case may be) prior to the Latest Practicable Date; and (b) are envisaged to be completed subsequent to Latest Practicable Date.

Restructuring steps completed prior to the Latest Practicable Date

3.1 Master Settlement and Investment Deed

The Master Settlement and Investment Deed dated was entered into by the Vendors, all of the relevant Registered Shareholders and MM Myanmar, *inter alia*: (a) for the purpose of obtaining the Vendors' agreement and undertakings for the restructuring and consolidating of the Vendors' interests in the Memories Businesses under MM Myanmar pursuant to the Restructuring; (b) and for MM Myanmar to agree to issue and allot the MM Myanmar Consideration Shares to the Vendors as consideration for the Restructuring and for the purpose of obtaining the agreement and undertakings from the Registered Shareholders to implement and give effect to the Restructuring.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.1 Master Settlement and Investment Deed (continued)

Amongst the agreements and undertakings obtained from the Registered Shareholders is an undertaking obtained from each of the Registered Shareholders to execute and deliver all such instruments, documents and declarations and do all such things to ensure that the SingCo SPVs will at all times be vested with and benefit from all rights and interests that they are supposed to have under the DOAs. In particular, each of the Registered Shareholders has agreed and undertaken, in respect of or in conjunction with the DOAs and subject to prevailing Applicable Laws:

(i) where so requested or required by the SingCo SPVs, to: (a) appoint such person(s) (other than the SingCo SPVs) as the SingCo SPVs may designate or nominate from time to time to be the attorney(s) under the POAs (the "Attorneys"), in addition to the SingCo SPVs, whether acting jointly or severally or jointly and severally; or (b) replace or substitute all and/or any Attorney(s) for the time being named in the POAs and to enter into supplemental POAs to give effect to such additions or replacements or substitutions; and

(ii) not to change the Attorneys under the POAs or otherwise revoke, or terminate the POAs, save as otherwise expressly requested or required by the SingCo SPVs.

As at the Latest Practicable Date, apart from the respective SingCo SPVs, the other Attorney appointed under each of the POAs is Mr Serge Pun as nominated by the respective SingCo SPVs.

3.2 Incorporation of MM Myanmar

MM Myanmar was incorporated on 23 December 2016 with an issued share capital of S$2.00, comprising two (2) shares which were held in equal proportion by YSIL and FMI. On 17 August 2017, the Corporate Vendor was issued 14,720,318 shares and YSIL and FMI were issued a further 43,941,736 shares and 11,032,172 shares in MM Myanmar respectively. As at the Latest Practicable Date, the Vendors collectively hold 100.0% of the issued share capital of MM Myanmar (including the MM Myanmar Consideration Shares issued to the Vendors in conjunction with the Restructuring).

Part of the MM Myanmar Consideration Shares, namely 4,382,000 shares, issued to the Vendors comprise the relevant MM Myanmar Consideration Shares which were supposed to have been allotted and issued to the Original PHLHML Registered Shareholders in settlement and satisfaction of the consideration due to them under the PHLHML SPA, and which they had directed to be allotted and issued to YSIL.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.2 Incorporation of MM Myanmar (continued)

As at the Latest Practicable Date, MM Myanmar is the holding company of the Memories Group which in turn owns or holds the Memories Businesses.

3.3 Restructuring in respect of the PHL Business prior to the Latest Practicable Date

(a) Incorporation of PHL SPV by MM Myanmar

PHL SPV was incorporated by MM Myanmar on 23 December 2016. PHL SPV is the intermediate holding company holding the relevant interest in the PHL Business. As at the Latest Practicable Date, PHL SPV is a wholly-owned subsidiary corporation of MM Myanmar.

(b) Assignment of the ACTA

In relation to the Assignment of ACTA, the Original PHLHML Registered Shareholders entered into a deed of assignment dated 19 November 2017 ("**Deed of Assignment of ACTA**") pursuant to which the Original PHLHML Registered Shareholders assigned (at nominal consideration payable to them) all their rights arising under the ACTA (including the ACTA Amounts to be capitalised by way of further issues of shares in PHLHML) to PHL SPV and MM Myanmar, such assignment to be effective from Completion of the Proposed Acquisition. Accordingly as at the date of this Circular there is no amount owing by PHLHML to the Original PHLHML Registered Shareholders and PHL SPV are entitled to the ACTA Amounts to be capitalised by way of further issues of shares in PHLHML.

(c) Entry and Completion of PHLHML SPA and issuance of MM Myanmar Consideration Shares to the PHL Vendor

MM Myanmar, PHL SPV and the Original PHLHML Registered Shareholders entered into the PHLHML SPA on 17 August 2017, pursuant to which PHL SPV and MM Myanmar acquired legal and beneficial ownership of 99.0% and 1.0% respectively of the shares of PHLHML from the Original PHLHML Registered Shareholders on 17 August 2017 ("**Completion of PHLHML SPA**"). The purchase consideration of US$3,130,000 due to the Original PHLHML Registered Shareholders under the PHLHML SPA was settled and satisfied through the allotment and issue of 4,382,000 PHLHML Target Consideration Shares at the issue price of approximately US$0.71 per PHLHML Target Consideration Share

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.3 Restructuring in respect of the PHL Business prior to the Latest Practicable Date (continued)

(c) Entry and Completion of PHLHML SPA and issuance of MM Myanmar Consideration Shares to the PHL Vendor (continued)

by MM Myanmar to YSIL at the direction of the Original PHLHML Registered Shareholders. The consideration under the PHLHML SPA was determined based on the paid-up share capital of PHLHML.

Upon the Completion of PHLHML SPA, YSIL was also allotted and issued an additional 13,817,999 MM Myanmar Consideration Shares in consideration of YSIL contributing its interests in the PHL Business to the Memories Group pursuant to the Restructuring.

(d) Entry of Option to acquire PHL Land

In consideration of PHLHML committing to extend or renew the Long Term Lease on the same terms as the Long Term Lease (including the payment of rent at Relevant Value) to the fullest extent permitted under the Applicable Laws, the Option to acquire PHL Land was granted by PHL in favour of PHLHML on 20 November 2017 to transfer the Residual Interest of the PHL Land to PHLHML for a Relevant Value as and when the prevailing Applicable Laws permit such transfer, and further undertakings were granted by PHL in favour of PHLHML not to sell, dispose or encumber such interest in the PHL Land pending such transfer to PHLHML, and to extend or renew the Long Term Lease, or grant subsequent new Long Term Leases in relation to the PHL Land in favour of PHLHML (on each occasion, to the fullest extent permitted under the Applicable Laws) for a Relevant Value. Other than the payment of consideration at Relevant Value, there are no other amounts payable by PHLHML to PHL upon the exercise of this Option. There are no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised or upon cessation of PHL's interest in the PHL Land.

Under prevailing Applicable Laws, the Memories Group is restricted from owning any interest in the PHL Land over and above the Long Term Lease granted in respect of the PHL Land, and hence the Option to acquire PHL Land gives the Memories Group the right to acquire the Residual Interest in the PHL Land if and when permitted under prevailing Applicable Laws.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.3 Restructuring in respect of the PHL Business prior to the Latest Practicable Date (continued)

(d) Entry of Option to acquire PHL Land (continued)

As at the Latest Practicable Date, PHL is a subsidiary corporation of the YSH Group.

In consideration of an option fee amounting to the nominal value of all of the shares of PHL as at the date of the Option, the Option to acquire PHL Shares was granted by the PHL Registered Shareholders in favour of PHL SPV on 20 November 2017, for PHL SPV to acquire all of the shares of PHL for a Relevant Value as and when the prevailing Applicable Laws permit such transfer, and further undertakings not to sell, dispose or encumber such shares pending such transfer to PHL SPV. Other than the payment of consideration at Relevant Value, there are no other amounts payable by PHL SPV to the PHL Registered Shareholders upon its exercise. There are no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

Under prevailing Applicable Laws, the Memories Group is restricted from having any ownership or control of PHL which is a land-holding company, and hence the Option to acquire PHL Shares gives the Memories Group the right to acquire such shares if and when permitted under prevailing Applicable Laws.

(e) Entry of Option to acquire PHL Shares

In consideration of an option fee amounting to the nominal value of all of the shares of PHL as at the date of the Option, the Option to acquire PHL Shares was granted by the PHL Registered Shareholders in favour of PHL SPV on 20 November 2017, for PHL SPV to acquire all of the shares of PHL for a Relevant Value as and when the prevailing Applicable Laws permit such transfer, and further undertakings not to sell, dispose or encumber such shares pending such transfer to PHL SPV. Other than the payment of consideration at Relevant Value, there are no other amounts payable by PHL SPV to the PHL Registered Shareholders upon its exercise. There are no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.3 Restructuring in respect of the PHL Business prior to the Latest Practicable Date (continued)

(f) Entry of Release and Discharge by Registered Shareholders (PHL)

PHLHML, PHL, PHL SPV and each of the Registered Shareholders of PHL entered into the Release and Discharge by Registered Shareholders (PHL), pursuant to which each PHL Registered Shareholder, *inter alia*, releases and discharges PHL and the PHL Business from any claims relating to PHL Land or the assets or business of the PHL Business on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar and were not entered into based on normal commercial terms.

(g) Entry of Release and Discharge by Vendors (PHL)

PHLHML, PHL SPV and the PHL Vendor entered into the Release and Discharge by Vendors (PHL), pursuant to which the PHL Vendor, *inter alia*, releases and discharges PHL SPV, PHLHML and the PHL Business from any claims relating to the shares of PHLHML (and the Economic Interests in relation thereto), the PHL Land or the assets or business of the PHL Business on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and was not entered into based on normal commercial terms.

3.4 Restructuring in respect of the BOB Business prior to the Latest Practicable Date

(a) Incorporation of BOB SPV by MM Myanmar

BOB SPV was incorporated by MM Myanmar on 23 December 2016. BOB SPV is the intermediate holding company holding the relevant interest in the BOB Business. As at the Latest Practicable Date, BOB SPV is a wholly-owned subsidiary corporation of MM Myanmar.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.4 Restructuring in respect of the BOB Business prior to the Latest Practicable Date (continued)

(b) Entry and Completion of BOB SPA

BOB SPV and the Original SLTG Registered Shareholders entered into the BOB SPA on 17 August 2017, pursuant to which BOB SPV acquired legal and beneficial ownership of 40.0% of the shares of SLTG from the Original SLTG Registered Shareholders on 17 August 2017 ("**Completion of BOB SPA**") for a purchase consideration of US$86,400 (i.e. US$1,000 per share). The purchase consideration under the BOB SPA was determined based on the par value of 40.0% of the shares of SLTG.

Pursuant to the MM Myanmar Shareholders Agreement, YSIL and FMI have agreed that any consideration payable to the Original SLTG Registered Shareholders under the BOB SPA shall be borne by each of YSIL and FMI in the respective proportion of their interests in SLTG in consideration for the MM Myanmar Consideration Shares received by each of them in respect of the BOB Business.

Further to the Completion of BOB SPA, SLTG has obtained shareholders' approval for the amendment of its articles of association to provide that all matters which are required under Applicable Laws to be approved by the passing of shareholders' resolutions or otherwise approved by shareholders in a shareholders' meeting (such as appointment of new directors, change of principal business etc) shall not be passed or approved without the prior approval of all shareholders.

(c) Entry of BOB DOA

BOB SPV and YDGL entered into the BOB DOA on 17 August 2017 in conjunction with the entry of the BOB SPA. Pursuant to the entry of the BOB DOA, BOB SPV acquired (by way of assignment) the Economic Interest in respect of the remaining 60.0% shares of SLTG held by YDGL. The BOB DOA excludes any assignment of any rights of ownership or control in the 60.0% shares of SLTG held by YDGL which are the subject of the BOB DOA.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.4 Restructuring in respect of the BOB Business prior to the Latest Practicable Date (continued)

(d) Entry of BOB POA

The BOB POA was granted by YDGL in favour of BOB SPV and Mr Serge Pun on 17 August 2017.

Under the BOB POA, BOB SPV and Mr Serge Pun have been granted the power and authority to act jointly and severally as attorneys of YDGL, *inter alia*:

(1) to do and perform any and all acts and things pertaining to the exercise of YDGL's rights as the lawful holder of the remaining 60.0% shares of SLTG which are the subject of the BOB DOA, with full power and authority to exercise all rights and powers, to sign, execute and deliver (as a deed or otherwise) all agreements, documents, forms and assurances, and to provide such authorisations and consents which YDGL would have been entitled to do, perform, exercise and provide as the lawful holder of such shares; and

(2) to receive and give receipts and discharges for all economic, financial and monetary entitlements accruing or arising from the remaining 60.0% shares of SLTG (which are the subject of the BOB DOA). Such economic, financial and monetary entitlements which are payable to YDGL, including in respect of dividends and other distributions (whether in cash or in kind) or any return of capital or contribution that may be made in relation to or which may be otherwise attributable to such shares.

The BOB POA took effect immediately upon the execution thereof, and is in force and effect as at the Latest Practicable Date. As the BOB POA was given by YDGL in conjunction with the BOB DOA, the powers being granted thereunder are deemed or construed as powers granted coupled with an interest of the relevant attorney(s), and, as stated in the BOB POA, cannot be revoked by the grantor(s) for so long as such interest subsist. Save for the foregoing, there are no clauses or conditions in the BOB POA which provide for revocation, termination or dispute of the BOB POA by any parties.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.4 Restructuring in respect of the BOB Business prior to the Latest Practicable Date (continued)

(e) Entry of Option to acquire SLTG Shares

In consideration of an option fee amounting to the nominal value of the remaining 60.0% shares of SLTG held by YDGL as at the date of the Option, the Option to acquire SLTG Shares was granted by YDGL in favour of BOB SPV on 20 November 2017, for BOB SPV to acquire the remaining 60.0% shares of SLTG held by YDGL for a Relevant Value as and when the prevailing Applicable Laws permits such transfer, and further undertakings not to sell, dispose or encumber such shares pending such transfer to BOB SPV. Other than the payment of consideration at the Relevant Value, there are no other amounts payable by BOB SPV to YDGL upon the exercise of this Option. There are no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

(f) Entry of BOB Land Agreement

An agreement in relation to the BOB Land was entered into between SLTG, CIL and DKOW on 29 August 2017 ("**BOB Land Agreement**").

Under the BOB Land Agreement:

(1) SLTG has agreed to transfer and/or vest, or procure the transfer and/or vesting of (as the case may be), all legal and beneficial interest in the 4 Plots of BOB Land (which is currently held by DKOW on behalf of SLTG) and the 5 Plots of BOB Land to CIL where SLTG and CIL have agreed that amounts owing by CIL to SLTG for the transfer of the BOB Land shall be entirely (or to such other extent as agreed in writing between SLTG and CIL) set off against the amounts owing by SLTG for the Long Term Leases of the BOB Land, the Short Term Leases of the BOB Land and the Option to acquire the BOB Land; and

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.4 Restructuring in respect of the BOB Business prior to the Latest Practicable Date (continued)

(f) Entry of BOB Land Agreement (continued)

(2) CIL has agreed to grant the Short Term Leases of the BOB Land to SLTG pending the obtaining of the MIC Endorsement for the Long Term Leases of the BOB Land. In the event that such MIC Endorsement for the Long Term Leases of the BOB Land is not obtained, CIL will continue to grant the Short Term Leases of the BOB Land to SLTG, and extend or renew such lease or grant subsequent new Short Term Lease(s) in relation to the BOB Land in favour of SLTG on terms acceptable to SLTG.

As the 4 Plots of BOB Land are currently held in the name of DKOW on behalf of SLTG, under the BOB Land Agreement, DKOW has also agreed to perform all further acts and things and execute and deliver such further documents, as may be necessary or required by Applicable Laws and/or SLTG, *inter alia*: (i) to obtain the necessary Approvals for SLTG to use the 4 Plots of BOB Land for all purposes contemplated under or in connection with the BOB Business; and (ii) to secure ownership in favour of CIL and procure CIL to grant a Long Term Lease of the 4 Plots of BOB Land in favour of SLTG for Relevant Value and subject to such terms and conditions satisfactory to the Company. The holding of the 4 Plots of BOB Land by DKOW on behalf of SLTG was in part a historical arrangement entered into prior to the YSH Group's acquisition of an interest in SLTG and in part due to the 4 Plots of BOB Land being classified as farmland subject to existing land permits issued in favour of DKOW (which are not land grants and accordingly do not confer any ownership rights or interests, and are incapable of transfer or sale).

(g) Issue of MM Myanmar Consideration Shares to the BOB Vendors

In consideration of YSIL and FMI contributing their interests in the BOB Business to the Memories Group pursuant to the Restructuring, 25,066,860 MM Myanmar Consideration Shares were allotted and issued by MM Myanmar to YSIL and FMI.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.4 Restructuring in respect of the BOB Business prior to the Latest Practicable Date (continued)

(h) Entry of Release and Discharge by Previous Interest Holders (BOB)

SLTG, BOB SPV and CHPL entered into the Release and Discharge by Previous Interest Holders (BOB), pursuant to which CHPL, *inter alia*, releases and discharges SLTG from any claims relating to the shares of SLTG (and the Economic Interests in relation thereto), the BOB Land or the assets or business of SLTG on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purposes of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(i) Entry of Release and Discharge by Registered Shareholders (BOB)

SLTG, BOB SPV, and each of the Original SLTG Registered Shareholders entered into the Release and Discharge by Registered Shareholders (BOB), pursuant to which each Original SLTG Registered Shareholder, *inter alia*, releases and discharges SLTG and the BOB Business from any claims relating to the shares of SLTG (and the Economic Interests in relation thereto), the BOB Land or the assets or business of SLTG on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(j) Entry of Release and Discharge by Vendors (BOB)

SLTG, BOB SPV and the BOB Vendors entered into the Release and Discharge by Vendors (BOB), pursuant to which each of the BOB Vendors, *inter alia*, releases and discharges SLTG and the BOB Business from any claims relating to the shares of SLTG (and the Economic Interests in relation thereto), the BOB Land or the assets or business of SLTG on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.5 Restructuring in respect of the BL Business prior to the Latest Practicable Date

(a) Incorporation of BL SPV by MM Myanmar

BL SPV was incorporated by MM Myanmar on 23 December 2016. BL SPV is the intermediate holding company holding the relevant interest in the BL Business.

As at the Latest Practicable Date, BL SPV is a wholly-owned subsidiary corporation of MM Myanmar.

(b) Incorporation of BL MM Co by BL SPV and MM Myanmar

BL MM Co was incorporated by BL SPV and MM Myanmar on 31 March 2017. The issued share capital of BL MM Co as at the Latest Practicable Date is US$25,000. Please refer to Section 3.3 of Part B of this Circular for further details on the share capital of BL MM Co. BL MM Co will be obtaining the Long Term Lease of the BL Land and acquiring the BL Business from CIL on completion of the BL APA.

(c) Entry of BL APA

CIL, BL MM Co and BL SPV entered into the BL APA on 17 August 2017 for the sale and transfer of the BL Business and the grant of the Long Term Lease of the BL Land in favour of BL MM Co for an aggregate consideration of US$1.00, payable on completion of the BL APA ("**Completion of BL APA**"). The consideration under the BL APA was determined taking into account the negative book value of the BL Business based on the audited financial statements of CIL for FY2016 and BL MM Co's consent to accept and assume all such liabilities of CIL to be determined by BL SPV.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.5 Restructuring in respect of the BL Business prior to the Latest Practicable Date (continued)

(c) Entry of BL APA (continued)

As at the Latest Practicable Date, the Completion of the BL APA is subject to and conditional upon, *inter alia*, the MIC Endorsement of the investment activity of BL SPV and the Long Term Lease in respect of the BL Land or the MIC Permit for BL SPV's investment in the BL Business (as the case may be) being obtained. It is not possible to conclusively determine at this juncture whether foreign ownership of the BL Business is permitted subject only to the MIC Endorsement being obtained for the investment activity of BL SPV and the Long Term Lease of the BL Land, whether an MIC Permit is required for BL SPV's investment in the BL Business and/or whether the BL Business may fall under one of the categories of restricted investments for which a joint venture is required under the MIL/MIL Rules.

(d) Entry of BL DOA

BL SPV and the CIL Registered Shareholders entered into the BL DOA on 17 August 2017. The BL DOA was given by the CIL Registered Shareholders in conjunction with the BL APA. Pursuant to the Entry of the BL DOA, BL SPV acquired (by way of assignment) the Economic Interest in respect of 100.0% of the shares of CIL held by the CIL Registered Shareholders. The BL DOA excludes any assignment of any rights of ownership or control in 100.0% of the shares of CIL held by the CIL Registered Shareholders, which are the subject of the BL DOA.

The BL DOA is otherwise similar in terms to the BOB DOA.

(e) Entry of BL POA

The BL POA was granted by the CIL Registered Shareholders in favour of BL SPV and Mr Serge Pun on 17 August 2017.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.5 Restructuring in respect of the BL Business prior to the Latest Practicable Date (continued)

(e) Entry of BL POA (continued)

Under the BL POA, BL SPV and Mr Serge Pun have been granted the power and authority to act jointly and severally as attorneys of the CIL Registered Shareholders, *inter alia*:

(1) to do and perform any and all acts and things pertaining to the exercise of the CIL Registered Shareholders' rights as the lawful holder of 100.0% of the shares of CIL which are subject to the BL DOA, with full power and authority to exercise all rights and powers, to sign, execute and deliver (as a deed or otherwise) all agreements, documents, forms and assurances, and to provide such authorisations and consents which the CIL Registered Shareholders would have been entitled to do, perform, exercise and provide as the lawful holder of such shares; and

(2) to receive and give receipts and discharges for all economic, financial and monetary entitlements accruing or arising from 100.0% of the shares of CIL (which are the subject of the BL DOA). Such economic, financial and monetary entitlements are payable to the CIL Registered Shareholders, including in respect of dividends and other distributions (whether in cash or in kind) or any return of capital or contribution that may be made in relation to or which may be otherwise attributable to such shares.

The BL POA took effect immediately upon the execution thereof, and is in force and effect as at the Latest Practicable Date. As the BL POA was given by the CIL Registered Shareholders in conjunction with the BL DOA, the powers being granted thereunder are deemed or construed as powers granted coupled with an interest of the relevant attorney(s), and, as stated in the BL POA, cannot be revoked by the grantor(s) for so long as such interests subsist. Save for the foregoing, there are no clauses or conditions in the BL POA which provide for revocation, termination or dispute of the BL POA by any parties.

The BL POA is otherwise similar in terms to the BOB POA.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.5 Restructuring in respect of the BL Business prior to the Latest Practicable Date (continued)

(f) Entry of the CIL Undertaking

An undertaking was granted by CIL and the CIL Registered Shareholders in favour of MM Myanmar and BL SPV on 29 August 2017 ("**CIL Undertaking**").

Under the CIL Undertaking, CIL and the CIL Registered Shareholders undertook in favour of MM Myanmar and/or BL SPV, to perform (or procure the performance of) all further acts and things and execute and deliver (or procure the execution and delivery of) such further documents, as may be necessary or required by Applicable Laws and/or MM Myanmar and/or BL SPV for purposes of, *inter alia*, the successful implementation of the BL Business.

(g) Issue of MM Myanmar Consideration Shares to the BL Vendors

In consideration of YSIL and FMI contributing their interests in the BL Business to the Memories Group pursuant to the Restructuring, 11,707,050 MM Myanmar Consideration Shares were allotted and issued by MM Myanmar to YSIL and FMI.

(h) Entry of Release and Discharge by Previous Interest Holders (BL)

CIL, BL MM Co, BL SPV and CHPL entered into the Release and Discharge by the Previous Interest Holders (BL), pursuant to which CHPL, *inter alia*, releases and discharges CIL and the BL Business from any claims relating to shares of CIL (and the Economic Interests in relation thereto), the BL Land or the assets or business of CIL on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and was not entered into based on normal commercial terms.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.5 Restructuring in respect of the BL Business prior to the Latest Practicable Date (continued)

(i) Entry of Release and Discharge by Registered Shareholders (BL)

CIL, BL MM Co, BL SPV, and the CIL Registered Shareholders entered into the Release and Discharge by Registered Shareholders (BL), pursuant to which each CIL Registered Shareholder, *inter alia*, releases and discharges CIL and the BL Business from any claims relating to the shares of CIL (and the Economic Interests in relation thereto), the BL Land or the assets or business of CIL on the terms set out therein. No consideration was payable by the Memories Group under these deeds as these deeds were agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(j) Entry of Release and Discharge by Vendors (BL)

CIL, BL MM Co, BL SPV and the BL Vendors entered into the Release and Discharge by Vendors (BL), pursuant to which each of the BL Vendors, *inter alia*, releases and discharges CIL and the BL Business from any claims relating to the shares of CIL (and the Economic Interests in relation thereto), the BL Land or the assets or business of CIL on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(k) Assignment of CIL Liabilities

BL SPV entered into a deed of assignment with CHPL on 19 November 2017 ("**Deed of Assignment of CIL Liabilities**") pursuant to which BL SPV will be assigned CIL Liabilities amounting to US$6,398,526 and Kyats 226,000,000, such assignment to be effective from completion of the proposed acquisition of MM Myanmar.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.6 Restructuring in respect of the HAL Business prior to the Latest Practicable Date

(a) Incorporation of HAL SPV by MM Myanmar

HAL SPV was incorporated by MM Myanmar on 23 December 2016 with an issued share capital of S$1.00. HAL SPV is the immediate holding company holding the relevant interests in the HAL Business. As at the Latest Practicable Date, HAL SPV is a wholly-owned subsidiary corporation of MM Myanmar.

(b) Incorporation of HAL MM Co by HAL SPV and MM Myanmar

HAL MM Co was incorporated by HAL SPV and MM Myanmar on 31 March 2017. The issued share capital of HAL MM Co as at the Latest Practicable Date is US$25,000. Please refer to Section 3.3 of Part B of this Circular for further details on the share capital of HAL MM Co. HAL MM Co will be obtaining the Long Term Lease of the HAL Land and acquiring the HAL Business from TLH on Completion of the HAL APA.

(c) Entry of HAL APA

TLH, HAL MM Co, HAL SPV and MMT entered into the HAL APA on 17 August 2017 for the sale and transfer of the HAL Business and the grant of the Long Term Lease of the HAL Land in favour of HAL MM Co for an aggregate consideration of US$1.00, payable on completion of the HAL APA ("**Completion of HAL APA**"). The consideration under the HAL APA was determined taking into consideration the negative book value of the HAL Business based on the audited financial statements of TLH for FY2016 and HAL MM Co's consent to accept and assume all such liabilities of TLH to be determined by HAL SPV.

As at the Latest Practicable Date, the Completion of HAL APA is subject to and conditional upon, *inter alia*, the MIC Endorsement of the Long Term Lease in respect of the HAL Land being obtained. The application for MIC Endorsement of the Long Term Lease in respect of the HAL Land was submitted in June 2017 and it is currently contemplated that the MIC Endorsement will be obtained after the completion of the proposed acquisition of MM Myanmar.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.6 Restructuring in respect of the HAL Business prior to the Latest Practicable Date (continued)

(d) Entry of HAL DOA

HAL SPV and the TLH Registered Shareholders entered into the HAL DOA on 17 August 2017. Pursuant to the entry of the HAL DOA, HAL SPV acquired (by way of assignment) the Economic Interest in respect of 100.0% of the shares of TLH held by the TLH Registered Shareholders. The HAL DOA excludes any assignment of any rights of ownership or control in 100.0% of the shares of TLH held by the TLH Registered Shareholders which are the subject of the HAL DOA.

The HAL DOA is otherwise similar in terms to the BOB DOA.

(e) Entry of HAL POA

The HAL POA was granted by the TLH Registered Shareholders in favour of HAL SPV and Mr Serge Pun on 17 August 2017.

Under the HAL POA, HAL SPV and Mr Serge Pun have been granted the power and authority to act jointly and severally as attorneys of the TLH Registered Shareholders, *inter alia*:

(1) to do and perform any and all acts and things pertaining to the exercise of the TLH Registered Shareholders' rights as the lawful holder of 100.0% of the shares of TLH which are subject to the HAL DOA, with full power and authority to exercise all rights and powers, to sign, execute and deliver (as a deed or otherwise) all agreements, documents, forms and assurances, and to provide such authorisations and consents which the TLH Registered Shareholders would have been entitled to do, perform, exercise and provide as the lawful holder of such shares; and

(2) to receive and give receipts and discharges for all economic, financial and monetary entitlements accruing or arising from 100.0% of the shares of TLH (which are the subject of the HAL DOA). Such economic, financial and monetary entitlements are payable to the TLH Registered Shareholders, including in respect of dividends and other distributions (whether in cash or in kind) or any return of capital or contribution that may be made in relation to or which may be otherwise attributable to such shares.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.6 Restructuring in respect of the HAL Business prior to the Latest Practicable Date (continued)

(e) Entry of HAL POA (continued)

The HAL POA took effect immediately upon the execution thereof, and is in force and effect as at the Latest Practicable Date. As the HAL POA was given by the TLH Registered Shareholders in conjunction with the HAL DOA, the powers being granted thereunder are deemed or construed as powers granted coupled with an interest of the relevant attorney(s), and, as stated in the HAL POA, cannot be revoked by the grantor(s) for so long as such interests subsist. Save for the foregoing, there are no clauses or conditions in the HAL POA which provide for revocation, termination or dispute of the HAL POA by any parties.

The HAL POA is otherwise similar in terms to the BOB POA.

(f) Entry of the HAL Business Declaration of Trust

MMT had on 14 February 2017 issued a declaration confirming and declaring that he holds the HAL Business for and on behalf of TLH ("**HAL Business Declaration of Trust**").

(g) Entry of the HAL Land Grantee Undertaking

An irrevocable undertaking was granted by MMT in favour of TLH, HAL SPV and HAL MM Co on 30 August 2017 ("**HAL Land Grantee Undertaking**").

Under the HAL Land Grantee Undertaking, MMT acknowledged that he holds all rights, title, and interests in and to the HAL Land (whether past, present or future) in his name for and on behalf of TLH and agreed to:

(1) transfer all rights, title, and interests in and to the HAL Land to, or to otherwise vest all rights, title, and interests in the HAL Land to, TLH either at nil consideration or to waive the consideration for the transfer and execute and deliver, stamp and register all such other agreements or documents in form and substance satisfactory to and as required by TLH to evidence or establish TLH's ownerships of the HAL Land which is capable of enforcement in Myanmar;

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.6 Restructuring in respect of the HAL Business prior to the Latest Practicable Date (continued)

(g) Entry of the HAL Land Grantee Undertaking (continued)

(2) in the event that the MIC Endorsement for the HAL Land and Completion of the HAL APA precede the completion of the transfer of the HAL Land to TLH:

(A) maintain in good standing a land grant or lease in his own name of a tenure of not less than 10 years;

(B) grant a Long Term Lease in respect of the HAL Land in favour of HAL MM Co for a tenure equivalent to that which MMT holds or is able to obtain over the HAL Land from time to time; and

(C) novate and transfer such Long Term Lease in respect of the HAL Land granted if and when the HAL Land is transferred to TLH such that the said Long Term Lease of the HAL Land in respect of the HAL Land is granted by TLH to HAL MM Co directly;

(3) in the event that TLH or HAL MM Co (as the case may be) is not able to use the Land Use Discrepancy Areas for the HAL Business for any reason, grant TLH or HAL MM Co (as the case may be) the right to lawfully and exclusively use and occupy such portion of the adjoining plot of land to the HAL Land owned by MMT which does not comprise the HAL Land that is equivalent to the size of the Land Use Discrepancy Areas;

(4) perform all further acts and things and execute and deliver such further documents to:

(A) obtain the necessary Approvals for TLH to use the HAL Land and Land Use Discrepancy Areas for the HAL Business; and

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.6 Restructuring in respect of the HAL Business prior to the Latest Practicable Date (continued)

(g) Entry of the HAL Land Grantee Undertaking (continued)

(B) to secure Grant Land Status or ownership of the HAL Land and the Land Use Discrepancy Areas in favour of TLH for Relevant Value (i) provided that if this is untenable notwithstanding best efforts exerted by MMT, then a land grant or lease of such tenure of not less than 10 years in favour of TLH, and (ii) provided further that if the aforesaid is still untenable notwithstanding best efforts exerted by MMT, to procure that MMT maintains in good standing a land grant or lease in his own name of a tenure of not less than 10 years and to secure a direct lease from MMT of the HAL Land and Land Use Discrepancy Areas in favour of HAL MM Co for a tenure equivalent to that which MMT holds or is able to obtain over the HAL Land and Land Use Discrepancy Areas to be obtained through the exertion of best efforts MMT acting on the reasonable directions of HAL SPV (provided that the tenure must not at any time be less than 10 years); provided that in relation to the Land Use Discrepancy Areas this sub-paragraph (4) (ii) shall only be provided on a best efforts basis to the extent that the Land Use Discrepancy Areas are not owned by MMT, and MMT is unable to obtain any rights, title, or interests in the Land Use Discrepancy Areas not owned by him.

(h) Issue of MM Myanmar Consideration Shares to Corporate Vendor

In consideration of the Corporate Vendor contributing its interests in the HAL Business to the Memories Group pursuant to the Restructuring, 6,335,580 MM Myanmar Consideration Shares were allotted and issued by MM Myanmar to the Corporate Vendor.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.6 Restructuring in respect of the HAL Business prior to the Latest Practicable Date (continued)

(i) Entry of Release and Discharge by Previous Interest Holders (HAL)

TLH, the Corporate Vendor and each of the Previous Interest Holders of TLH entered into the Release and Discharge by Previous Interest Holders (HAL), pursuant to which each Previous Interest Holder, *inter alia*, releases and discharges TLH and the HAL Business from any claims relating to the shares of TLH (and the Economic Interests in relation thereto), the HAL Land or assets or business of TLH on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(j) Entry of Release and Discharge by Registered Shareholders (HAL)

TLH, HAL MM Co, HAL SPV and each of the TLH Registered Shareholders entered into the Release and Discharge by Registered Shareholders (HAL), pursuant to which each TLH Registered Shareholder, *inter alia*, releases and discharges TLH and the HAL Business from any claims relating to shares of TLH (and the Economic Interests in relation thereto) the HAL Land or the assets or business of TLH on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.6 Restructuring in respect of the HAL Business prior to the Latest Practicable Date (continued)

(k) Entry of Release and Discharge by Vendors (HAL)

TLH, HAL MM Co, HAL SPV and the Corporate Vendor entered into the Release and Discharge by Vendors (HAL), pursuant to which the Corporate Vendor, *inter alia*, releases and discharges TLH and the HAL Business from any claims relating to shares of TLH (and the Economic Interests in relation thereto), the HAL Land or the assets or business of TLH on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and was not entered into based on normal commercial terms.

(l) Assignment of TLH Liabilities

HAL SPV entered into a deed of assignment with MMT on 19 November 2017 ("**Deed of Assignment of TLH Liabilities**") pursuant to which HAL SPV was assigned, *inter alia*, a loan previously made by MMT to TLH and the amount owing by TLH to MMT for the transfer of the HAL Land by MMT to HAL, as further elaborated in section 5.16.4 of Part B of this Circular (collectively the "**TLH Liabilities**"), with such assignment to be effective from completion of the proposed acquisition of MM Myanmar.

3.7 Restructuring in respect of the DMC Business prior to the Latest Practicable Date

(a) Incorporation of DMC SPV by MM Myanmar

DMC SPV was incorporated by MM Myanmar on 23 December 2016 with an issued share capital of S$1.00. DMC SPV is the intermediate holding company holding the relevant interest in the DMC Business. As at the Latest Practicable Date, DMC SPV is a wholly-owned subsidiary corporation of MM Myanmar.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.7 Restructuring in respect of the DMC Business prior to the Latest Practicable Date (continued)

(b) Entry and Completion of DMC SPA

DMC SPV and the Original AHTT Registered Shareholders entered into the DMC SPA on 17 August 2017 pursuant to which DMC SPV acquired legal and beneficial ownership of 301 shares representing approximately 60.1% of the shares of AHTT from the Original AHTT Registered Shareholders on 17 August 2017 ("**Completion of DMC SPA**") for a purchase consideration of US$301. The consideration under the DMC SPA was determined based on the par value of the 60.1% of the shares of AHTT.

Pursuant to the MM Myanmar Shareholders Agreement, the Corporate Vendor has agreed that any consideration payable to the Original AHTT Registered Shareholders under the DMC SPA shall be borne by the Corporate Vendor in consideration for the MM Myanmar Consideration Shares received by the Corporate Vendor in respect of the DMC Business.

(c) Transfer of Shares to Mr Tun Tun

On 22 September 2017, KTSS transferred 200 shares in AHTT to Mr Tun Tun while DMC SPV transferred one (1) share in AHTT to Mr Tun Tun for an aggregate consideration of US$201 being the US$ equivalent of Kyats 201,000. As at the Latest Practicable Date, the AHTT Registered Shareholders are DMC SPV (holding 300 shares representing approximately 59.9% of the issued share capital of AHTT) and Mr Tun Tun (holding 201 shares representing approximately 40.1% of the issued share capital of AHTT).

(d) Entry of DMC DOA

DMC SPV and Mr Tun Tun entered into the DMC DOA on 22 September 2017. Pursuant to the entry of the DMC DOA, DMC SPV acquired (by way of assignment) the Economic Interest in respect of the remaining 40.1% shares of AHTT held by Mr Tun Tun. The DMC DOA excludes any assignment of any rights of ownership or control in the 40.1% shares of AHTT, which are the subject of the DMC DOA.

The DMC DOA is otherwise similar in terms to the BOB DOA.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.7 Restructuring in respect of the DMC Business prior to the Latest Practicable Date (continued)

(e) Entry of DMC POA

The DMC POA was granted by Mr Tun Tun in favour of DMC SPV and Mr Serge Pun on 22 September 2017.

Under the DMC POA, DMC SPV and Mr Serge Pun have been granted the power and authority to act jointly and severally as attorneys of Mr Tun Tun, *inter alia*:

(1) to do and perform any and all acts and things pertaining to the exercise of Mr Tun Tun's rights as the lawful holder of the remaining 40.1% shares of AHTT which are subject to the DMC DOA, with full power and authority to exercise all rights and powers, to sign, execute and deliver (as a deed or otherwise) all agreements, documents, forms and assurances, and to provide such authorisations and consents which Mr Tun Tun would have been entitled to do, perform, exercise and provide as the lawful holder of such shares; and

(2) to receive and give receipts and discharges for all economic, financial and monetary entitlements accruing or arising from the remaining 40.1% shares of AHTT (which are the subject of the DMC DOA). Such economic, financial and monetary entitlements which are payable to Mr Tun Tun, including in respect of dividends and other distributions (whether in cash or in kind) or any return of capital or contribution that may be made in relation to or which may be otherwise attributable to such shares.

The DMC POA took effect immediately upon the execution thereof, and is in force and effect as at the Latest Practicable Date. As the DMC POA was given by Mr Tun Tun in conjunction with the DMC DOA, the powers being granted thereunder are deemed or construed as powers granted coupled with an interest of the relevant attorney(s), and, as stated in the DMC POA, cannot be revoked by the grantor(s) for so long as such interests subsist. Save for the foregoing, there are no clauses or conditions in the DMC POA which provide for revocation, termination or dispute of the DMC POA by any parties.

The DMC POA is otherwise similar in terms to the BOB POA.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.7 Restructuring in respect of the DMC Business prior to the Latest Practicable Date (continued)

(f) Entry of Option to acquire AHTT Shares

In consideration of an option fee amounting to the nominal value of the remaining 40.1% shares of AHTT held by Mr Tun Tun, the Option to acquire AHTT Shares was granted by Mr Tun Tun on 20 November 2017 in favour of DMC SPV, for DMC SPV to acquire the remaining 40.1% shares of AHTT held by Mr Tun Tun for a Relevant Value as and when the prevailing Applicable Laws permits such transfer, and further undertakings not to sell, dispose or encumber such shares pending such transfer to DMC SPV. Other than the payment of consideration at Relevant Value, there are no other amounts payable by DMC SPV to Mr Tun Tun upon its exercise. There are no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

(g) Issue of MM Myanmar Consideration Shares to Corporate Vendor

In consideration of the Corporate Vendor contributing its interests in the DMC Business to the Memories Group pursuant to the Restructuring, 8,384,738 MM Myanmar Consideration Shares were allotted and issued by MM Myanmar to the Corporate Vendor.

(h) Entry of Release and Discharge by Previous Interest Holders (DMC)

AHTT, the Corporate Vendor and each of the Previous Interest Holders of AHTT entered into the Release and Discharge by Previous Interest Holders (DMC), pursuant to which each Previous Interest Holder, *inter alia*, releases and discharges AHTT and the DMC Business from any claims relating to the shares of AHTT (and the Economic Interests in relation thereto) or the assets or business of AHTT on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps completed prior to the Latest Practicable Date (continued)

3.7 Restructuring in respect of the DMC Business prior to the Latest Practicable Date (continued)

(i) Entry of Release and Discharge by Registered Shareholders (DMC)

AHTT, DMC SPV and each of the Original AHTT Registered Shareholders entered into the Release and Discharge by Registered Shareholders (DMC), pursuant to which each Original AHTT Registered Shareholder, *inter alia*, releases and discharges AHTT and the DMC Business from any claims relating to the shares of AHTT (and the Economic Interests in relation thereto) or the assets or business of AHTT on the terms set out therein. No consideration was payable by the Memories Group under these deeds as these deeds were agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and were not entered into based on normal commercial terms.

(j) Entry of Release and Discharge by Vendors (DMC)

AHTT, DMC SPV and the Corporate Vendor entered into the Release and Discharge by Vendors (DMC), pursuant to which the Corporate Vendor, *inter alia*, releases and discharges AHTT and the DMC Business from any claims relating to the shares of AHTT (and the Economic Interests in relation thereto) or the assets or business of AHTT on the terms set out therein. No consideration was payable by the Memories Group under this deed as this deed was agreed to by the relevant parties for the purpose of restructuring and consolidating the Memories Businesses under MM Myanmar, and was not entered into based on normal commercial terms.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps envisaged to be completed after the Latest Practicable Date

3.8 Restructuring in respect of the BOB Business after the Latest Practicable Date

(a) Transfer of BOB Land

CIL will become the registered owner of the BOB Land (if applicable), subject to the relevant Approvals being obtained for the same.

(b) Grant of Long Term Leases of BOB Land

A Long Term Lease in respect of the BOB Land will be granted by CIL in favour of SLTG upon SLTG obtaining the MIC Endorsement for the Long Term Lease of the BOB Land.

(c) Grant of Option to acquire BOB Land

Subsequent to SLTG obtaining the MIC Endorsement for the Long Term Lease of the BOB Land, the Option to acquire BOB Land will be granted by CIL in favour of SLTG to transfer the Residual Interest of the BOB Land to SLTG for a Relevant Value as and when the prevailing Applicable Laws permit such transfer, and further undertakings will be granted by CIL in favour of SLTG not to sell, dispose or encumber such interest in the BOB Land pending such transfer to SLTG, and to extend or renew the Long Term Lease, or grant subsequent new Long Term Leases in relation to the BOB Land in favour of SLTG (on each occasion, to the fullest extent permitted under the Applicable Laws) for a Relevant Value.

Under prevailing Applicable Laws, the Memories Group is restricted from owning any interest in the BOB Land over and above any Long Term Lease that may be granted in respect of the BOB Land, and hence the Option to acquire BOB Land will give the Memories Group the right to acquire the Residual Interest in the BOB Land if and when permitted under prevailing Applicable Laws. There will be no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

3. The Proposed Restructuring Exercise (continued)

3.9 Restructuring in respect of the BL Business after the Latest Practicable Date

(a) Completion of BL APA

The Completion of BL APA shall occur upon, *inter alia*, the MIC Endorsement of the investment activities of BL SPV and the Long Term Lease in respect of the BL Land or MIC Permit for BL SPV's investment in the BL Business (as the case may be) being obtained.

Pursuant to the Completion of BL APA, the sale and transfer of the BL Business and the grant of the Long Term Lease of the BL Land in favour of BL MM Co shall be completed.

(b) Entry of deed of re-assignment in relation to the BL DOA

The deed of re-assignment in relation to the BL DOA will be executed by BL SPV to re-assign the Economic Interests in relation to the shares of CIL to the CIL Registered Shareholders, following the transfer of BL Business and grant of the Long Term Lease in respect of the BL Land by CIL to BL MM Co pursuant to the Completion of BL APA and the grant of the Long Term Lease in respect of the BL Land in favour of BL MM Co. There will be no termination provisions under the terms of the deed of re-assignment in relation to the BL DOA.

As CIL will become solely a land-holding company following the transfer of BL Business by CIL to BL MM Co, BL SPV will not be able to continue to hold the Economic Interests in relation to the shares of CIL under the prevailing Applicable Laws.

(c) Grant of Long Term Lease of BL Land

A Long Term Lease in respect of the BL Land will be granted by CIL in favour of BL MM Co upon BL MM Co obtaining the MIC Endorsement for the investment activity of BL SPV and the Long Term Lease of the BL Land, or MIC Permit for BL SPV's investment in the BL Business (as applicable).

3. The Proposed Restructuring Exercise (continued)

Restructuring steps envisaged to be completed after the Latest Practicable Date (continued)

3.9 Restructuring in respect of the BL Business after the Latest Practicable Date (continued)

(d) Option to acquire BL Land

Upon the Completion of BL APA, the Option to acquire BL Land will be granted by CIL in favour of BL MM Co to transfer the Residual Interest of the BL Land to BL MM Co for Relevant Value as and when the prevailing Applicable Laws permits such transfer, and further undertakings will be granted by CIL in favour of BL MM Co not to sell, dispose or encumber such interest in the BL Land pending such transfer to BL MM Co, and to extend or renew the Long Term Lease, or grant subsequent new Long Term Leases in relation to the BL Land in favour of BL MM Co (on each occasion, to the fullest extent permitted under the Applicable Laws) for a Relevant Value.

Under prevailing Applicable Laws, the Memories Group is restricted from owning any interest in the BL Land over and above any Long Term Lease that may be granted in respect of the BL Land, and hence the Option to acquire BL Land will give the Memories Group the right to acquire the residual interest in the BL Land if and when permitted under prevailing Applicable Laws. There will be no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

(e) Option to acquire CIL Shares

Upon the Completion of BL APA, the Option to acquire CIL Shares will be granted by the CIL Registered Shareholders in favour of BL SPV, for BL SPV to acquire all of the shares of CIL for Relevant Value as and when the prevailing Applicable Laws permits such transfer, and further undertakings not to sell, dispose or encumber such shares pending such transfer to BL SPV.

Under prevailing Applicable Laws, the Memories Group is restricted from having any ownership or control of CIL which will become a solely land-holding company following the transfer of the BL Business and grant of the Long Term Lease in respect of the BL Land by CIL to BL MM Co and the grant of the Long Term Lease in respect of the BL Land in favour of SLTG. The Option to acquire CIL Shares will give the Memories Group the right to acquire such shares if and when permitted under prevailing Applicable Laws. There will be no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps envisaged to be completed after the Latest Practicable Date (continued)

3.10 Restructuring in respect of the HAL Business after the Latest Practicable Date

(a) Completion of HAL APA

The Completion of HAL APA shall occur upon, *inter alia*, the MIC Endorsement of the Long Term Lease in respect of the HAL Land being obtained.

Pursuant to the Completion of HAL APA, the sale and transfer of the HAL Business and the grant of the Long Term Lease of the HAL Land in favour of HAL MM Co shall be completed.

(b) Entry of deed of re-assignment in relation to the HAL DOA

The deed of re-assignment in relation to the HAL DOA will be executed by HAL SPV to re-assign the Economic Interests in relation to the shares of TLH to the TLH Registered Shareholders, following the transfer of HAL Business and grant of the Long Term Lease in respect of HAL Land by TLH to HAL MM Co pursuant to the Completion of HAL APA. There will be no termination provisions under the terms of the deed of re-assignment in relation to the HAL DOA.

As TLH will become solely a land-holding company following the transfer of HAL Business by TLH to HAL MM Co, HAL SPV will not be able to continue to hold the Economic Interests in relation to the shares of TLH under the prevailing Applicable Laws.

(c) Grant of Long Term Lease of HAL Land

A Long Term Lease in respect of the HAL Land will be granted by MMT or TLH (as the case may be) in favour of HAL MM Co upon HAL MM Co obtaining the MIC Endorsement for the Long Term Lease of the HAL Land.

3. The Proposed Restructuring Exercise (continued)

Restructuring steps envisaged to be completed after the Latest Practicable Date (continued)

3.10 Restructuring in respect of the HAL Business after the Latest Practicable Date (continued)

(d) Option to acquire HAL Land

Upon the Completion of the HAL APA, the Option to acquire HAL Land will be granted by TLH in favour of HAL MM Co to transfer the Residual Interest of the HAL Land to HAL MM Co for Relevant Value as and when the prevailing Applicable Laws permit such transfer, and further undertakings will be granted by TLH in favour of HAL MM Co not to sell, dispose or encumber such interest in the HAL Land pending such transfer to HAL MM Co, and to extend or renew the Long Term Lease, or grant subsequent new Long Term Leases in relation to the HAL Land in favour of HAL MM Co (on each occasion, to the fullest extent permitted under the Applicable Laws) for a Relevant Value.

Under prevailing Applicable Laws, the Memories Group is restricted from owning any interest in the HAL Land over and above any Long Term Lease that may be granted in respect of the HAL Land, and hence the Option to acquire HAL Land will give the Memories Group the right to acquire the Residual Interest in the HAL Land if and when permitted under prevailing Applicable Laws. There will be no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

(e) Option to acquire TLH Shares

Upon the Completion of the HAL APA, the Option to acquire TLH Shares will be granted by the TLH Registered Shareholders in favour of HAL SPV, for HAL SPV to acquire all of the shares of TLH for Relevant Value as and when the prevailing Applicable Laws permits such transfer, and further undertakings not to sell, dispose or encumber such shares pending such transfer to HAL SPV.

Under prevailing Applicable Laws, the Memories Group is restricted from having any ownership or control of TLH which will become solely a land-holding company, following the transfer of the HAL Business and grant of the Long Term Lease in respect of the HAL Land by TLH to HAL MM Co. The Option to acquire TLH Shares will give the Memories Group the right to acquire such shares if and when permitted under prevailing Applicable Laws. There will be no termination provisions under the terms of this option, save that it will terminate in the event that it is exercised.

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4. The Target Group

Upon completion of the proposed restructuring exercise as disclosed in Note 3, MM Myanmar will have the following interests:

Name of Memories Group Company	Date and place of incorporation	Principal business	Principal place of business	% effective ownership	Notes in relation to the effective ownership
SLTG	17 March 1999, Myanmar	BOB Business	The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	100%	MM Myanmar has a deemed interest in 100% of the issued and paid-up shares of SLTG by virtue of BOB SPV's ownership of the 60% of the issued and paid-up shares of SLTG and BOB SPV's rights, through the BOB POA to exercise certain powers and authority over the remaining 40% of the issued shares of SLTG in conjunction with its holding of economic interests in respect of such shares.
BOB SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	100%	MM Myanmar has a direct interest in 100% of the issued shares of BOB SPV.
CIL	14 August 2013, Myanmar	BL Business (prior to the Completion of BL APA)	The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	100%	MM Myanmar has a deemed interest in 100% of the issued and paid-up shares of CIL by virtue of BL SPV's rights, through the BL POA, to exercise certain powers and authority over 100% of the issued and paid-up shares of CIL in conjunction with BL SPV's holding of economic interests in respect of such shares.

4. The Target Group (continued)

Name of Memories Group Company	Date and place of incorporation	Principal business	Principal place of business	% effective ownership	Notes in relation to the effective ownership
BL MM Co	31 March 2017, Myanmar	BL Business (upon Completion of the BL APA)	The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	100%	MM Myanmar has a deemed interest in 100% of the issued and paid-up shares of BL MM Co by virtue of its direct interest of 1 share in HAL MM Co and HAL SPV's direct interest of the remaining issued and paid-up shares of BL MM Co.
AHTT	11 August 2000, Myanmar	DMC Business	The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	100%	MM Myanmar has a deemed interest in 100% of the issued and paid-up shares of AHTT by virtue of DMC SPV's ownership of 59.9% of the issued and paid-up shares of AHTT and DMC SPV's rights, through the DMC POA to exercise certain powers and authority over the remaining 40.1% of the issued and paid-up shares of AHTT in conjunction with its holding of economic interests in respect of such shares.
DMC SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	100%	MM Myanmar has a direct interest in 100% of the issued and paid-up shares of DMC SPV.

4. The Target Group (continued)

Name of Memories Group Company	Date and place of incorporation	Principal business	Principal place of business	% effective ownership	Notes in relation to the effective ownership
TLH	1 October 2013, Myanmar	HAL Business (prior to Completion of the HAL APA)	The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	100%	MM Myanmar has a deemed interest in 100% of the issued and paid-up shares of TLH by virtue of HAL SPV's rights, through the HAL POA to exercise certain powers and authority over 100% of the issued and paid-up shares of TLH in conjunction with HAL SPV's holding of economic interests in respect of such shares.
HAL MM Co	31 March 2017, Myanmar	HAL Business (upon Completion of the HAL APA)	The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	100%	MM Myanmar has a deemed interest in 100% of the issued and paid-up shares of HAL MM Co by virtue of its direct interest of 1 share in HAL MM Co and HAL SPV's direct interest of the remaining issued and paid-up shares of HAL MM Co.
HAL SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	100%	MM Myanmar has a direct interest in 100% of the issued and paid-up shares of HAL SPV.
PHLHML	26 October 2012, Myanmar	PHL Business	The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar	100%	MM Myanmar has a deemed interest in 100% of the issued and paid-up shares of PHLHML by virtue of PHL SPV's ownership of the 99% and MM Myanmar's direct ownership of the 1% of the issued and paid-up shares of PHLHML.
PHL SPV	23 December 2016, Singapore	Investment holding	78 Shenton Way, #32-00, Singapore 079120	100%	MM Myanmar has a direct interest in 100% of the issued and paid-up shares of PHL SPV.

5. Basis of Preparation and Compilation of the Unaudited Pro Forma Consolidated Financial Information

The unaudited pro forma consolidated financial information of the Target Group is presented in United States Dollar ("US$") and all values presented are rounded to the nearest thousand ("US$'000") unless otherwise indicated. The unaudited pro forma financial information of the Target Group has been prepared for illustrative purpose only. It has been prepared based on certain assumptions and after making certain adjustments to show what:

(i) the unaudited pro forma financial performance of the Target Group for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017 would have been if the Internal Restructuring of Yoma Assets and the Acquisition of AHTT and TLH had occurred on 1 April 2014;

(ii) the unaudited pro forma financial position of the Target Group as at 31 March 2017 and 30 June 2017 would have been if the Internal Restructuring of Yoma Assets and the Acquisition of AHTT and TLH had occurred on 31 March 2017 and 30 June 2017 respectively; and

(iii) the unaudited pro forma cash flows of the Target Group for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017 would have been if the Internal Restructuring of Yoma Assets and the Acquisition of AHTT and TLH had occurred on 1 April 2014.

However, the unaudited pro forma consolidated financial information of the Target Group because of its nature may not give a true picture of the Target Group's financial position, financial performance and cash flows, and is not necessarily, indicative of the results of the operations and cash flows or the related effects on the financial position that would have been attained had the Target Group actually existed earlier.

The unaudited pro forma consolidated financial information of the Target Group for the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017 has been compiled based on the following:

(i) The audited financial statements of SLTG, CIL, PHL, AHTT and TLH respectively for the financial years ended 31 March 2015, 2016 and 2017, which were prepared in accordance with Singapore Financial Reporting Standards and audited by Nexia TS Public Accounting Corporation ("Nexia TS"), in accordance with Singapore Standards on Auditing for the purpose of inclusion in the Circular. The auditor's report on the financial statements of SLTG, CIL, PHL, AHTT and TLH respectively for the financial years ended 31 March 2015, 2016 and 2017 were not subject to any modification; and

5. Basis of Preparation and Compilation of the Unaudited Pro Forma Consolidated Financial Information (continued)

(ii) The unaudited interim financial statements of SLTG, CIL, PHL, AHTT and TLH respectively for the three-month period ended 30 June 2017, which were prepared in accordance with Singapore Financial Reporting Standard and reviewed by Nexia TS under Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information performed by the Independent Auditor of the Entity* ("SSRE 2410"), as promulgated by the Institute of Singapore Chartered Accountants for the purpose of inclusion in the Circular. The auditor's review report on the financial statements of SLTG, CIL, PHL, AHTT and TLH respectively for the three-month period ended 30 June 2017 were not subject to any modification.

The following key adjustments and assumptions were made for the preparation of the unaudited pro forma consolidated financial information of the Target Group:

a. The transfer of the issued and paid-up share capital and/or acquisition of the economic interests in the shares of Yoma Assets is accounted for using the pooling-of-interest method. Under this method, assets and liabilities are brought into the unaudited pro forma consolidated financial information at their existing carrying amounts from the perspective of the controlling party and the unaudited pro forma consolidated statements of comprehensive income includes the results of the acquired entities since the earliest date the entities are under common control. The cost of investment is recorded at the nominal value of the equity shares issued by the Target Company and the difference between the cost of investment and the nominal value of the share capital of each of the entity under the Internal Restructuring and other adjustments as explained below, is taken to Restructuring Reserve.

(i) The nominal value of the equity shares issued for the transfer of the entire issued and paid-up share capital of and/or economic interests in SLTG as at 31 March 2017 and 30 June 2017 of approximately US$175,000 is assumed to be US$18,200,000 and adjustments have been made to account for fair value of identifiable net assets of SLTG when it was acquired by CHPL in June 2013 for intangible assets and deferred income tax liabilities amounting to approximately US$533,000 and US$133,000 as at 31 March 2017 respectively and US$467,000 and US$116,000 as at 30 June 2017 respectively. In addition, amounts due from and due to related parties of approximately US$5,825,000 and US$5,141,000 as at 31 March 2017 respectively and US$6,870,000 and US$5,156,000 as at 30 June 2017 respectively are assumed to have been waived by SLTG and discharged by related parties.

5. Basis of Preparation and Compilation of the Unaudited Pro Forma Consolidated Financial Information (continued)

a. (ii) The nominal value of the equity shares issued for the transfer of the entire issued and paid-up share capital of and/or economic interests in CIL as at 31 March 2017 and 30 June 2017 of approximately US$52,000 is assumed to be US$8,500,000 and adjustments have been made for the transfer of the investments in Chindwin Bagan Company Limited ("Chindwin Bagan") and Chindwin Pindaya Company Limited ("Chindwin Pindaya") at total cost of investment of approximately US$381,000 as at 31 March 2017 and the amount due from a related party in relation to the transfer of Chindwin Bagan and Chindwin Pindaya of US$304,000 as at 30 June 2017 is assumed to have been waived. In addition, amounts due to related parties of approximately US$7,299,000 and US$8,486,000 as at 31 March 2017 and 30 June 2017 respectively are assumed to have been discharged.

(iii) The nominal value of equity shares issued for the transfer of business, assets and liabilities of PHL to PHLHML and the entire issued and paid-up share capital of PHLHML which is assumed to be the same as PHL as at 31 March 2017 and 30 June 2017 of approximately US$24,000, is assumed to be US$13,000,000.

Adjustments have been made to account for the followings:

- the settlement of bank borrowing of approximately US$4,422,000 and US$4,423,000 by a related party as at 31 March 2017 and 30 June 2017 respectively;
- the carrying amounts of the excluded vacant land, cash balances and payables to non-related parties which are not transferred to PHLHML of approximately US$1,079,000, US$39,000 and US$2,760,000 as at 31 March 2017 respectively and US$1,079,000, US$56,000 and US$2,521,000 as at 30 June 2017 respectively;
- the fair value gain of identifiable net assets of PHL when it was acquired by YSIL in February 2015 for development properties of approximately US$778,000 as at 31 March 2017 and 30 June 2017 respectively; and
- the waiver and discharge of balances due from and due to related parties of approximately US$5,083,000 and US$11,217,000 as at 31 March 2017 respectively and US$4,570,000 and US$10,958,000 as at 30 June 2017 respectively.

5. Basis of Preparation and Compilation of the Unaudited Pro Forma Consolidated Financial Information (continued)

b. The fair value of the equity interest issued to acquire the entire issued and paid-up share capital of AHTT as at 31 March 2017 and 30 June 2017 is assumed to be approximately US$6,088,000 after adjusting for the settlement of non-trade receivables from related parties through deduction of share consideration of a vendor by approximately US$712,000 as at 31 March 2017 and 30 June 2017. The fair values of the identifiable net assets of AHTT are assumed to be equivalent to the carrying amounts of the net assets of AHTT as at 31 March 2017 and 30 June 2017. This may differ from the fair values of net assets as at the actual date of completion of the proposed acquisition of AHTT. As the carrying value of the net assets of AHTT excludes the effect of fair value adjustments to the assets, liabilities and contingent liabilities arising from the proposed acquisition, the financial effects exclude the effects of any other adjustments arising from these fair value adjustments. The eventual amounts of any excess/shortfall of the shares issued by MM Myanmar over the fair value of the net assets of AHTT to be recognised as goodwill or gain from bargain purchase could be materially different from the amount of provisional goodwill of approximately US$6,513,000 and US$6,546,000 as at 31 March 2017 and 30 June 2017 respectively derived based on the assumption used.

c. The fair value of the equity interest issued to acquire the entire issued and paid-up share capital of TLH as at 31 March 2017 and 30 June 2017 is assumed to be US$4,600,000. The fair values of the identifiable net assets of TLH are assumed to be equivalent to the carrying amounts of the net assets of TLH as at 31 March 2017 and 30 June 2017 adjusted for capitalisation of loan from shareholder amounting to approximately US$1,681,000 which is assumed to take place on 31 March 2017 and 30 June 2017. These may differ from the fair values of net assets as at the actual date of completion of the proposed acquisition of TLH. As the carrying value of the net assets of TLH excludes the effect of fair value adjustments to the assets, liabilities and contingent liabilities arising from the proposed acquisition, the financial effects exclude the effects of any other adjustments arising from these fair value adjustments. The eventual amounts of any excess/shortfall of the shares issued by MM Myanmar over the fair value of the net assets of TLH to be recognised as goodwill or gain from bargain purchase could be materially different from the amount of provisional goodwill as at 31 March 2017 and 30 June 2017 of approximately US$3,173,000 and US$3,234,000 respectively derived based on the assumption used.

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6. Statement of Adjustments

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2015

	Per Statement of Comprehensive Income of						Pro Forma Adjustments				Unaudited Pro Forma Consolidated Statement of Comprehensive Income
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	(d)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	–	4,538	133	5,839	–	–	(190)	(17)	–	–	10,303
Cost of sales	–	(3,583)	(116)	(2,590)	–	–	190	17	–	–	(6,082)
Gross profit	–	955	17	3,249	–	–	–	–	–	–	4,221
Other income/(loss), net	–	4	(30)	206	–	(2)	–	–	–	(179)	(1)
Expenses											
– Administrative	–	(607)	(196)	(1,482)	(5)	(45)	–	–	(273)	–	(2,608)
– Distribution and marketing	–	(52)	–	(60)	–	–	–	–	–	–	(112)
Profit/(loss) before income tax	–	300	(209)	1,913	(5)	(47)	–	–	(273)	(179)	1,500
Income tax expense	–	(70)	–	(470)	–	–	–	–	68	–	(472)
Net profit/(loss)	–	230	(209)	1,443	(5)	(47)	–	–	(205)	(179)	1,028
Other comprehensive loss	–	–	–	–	(2)	–	–	–	–	–	(2)
Total comprehensive income/(loss)	–	230	(209)	1,443	(7)	(47)	–	–	(205)	(179)	1,026

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2015 (continued)

(a) Being adjustment to eliminate transactions between AHTT and SLTG.

(b) Being adjustment to eliminate transactions between AHTT and TLH.

(c) Being adjustment to reflect amortisation of intangible assets and recognition of deferred income tax liabilities of SLTG.

(d) Being adjustment to reflect reversal of currency translation on balances due from/to related parties waived-off or discharged.

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6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2016

	Per Statement of Comprehensive Income of						Pro Forma Adjustments				Unaudited Pro Forma Consolidated Statement of Comprehensive Income
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	(d)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	–	4,421	538	5,883	–	–	(203)	(67)	–	–	10,572
Cost of sales	–	(3,380)	(443)	(2,705)	–	–	203	67	–	–	(6,258)
Gross profit	–	1,041	95	3,178	–	–	–	–	–	–	4,314
Other income/(loss) – net	–	16	(1)	296	14	60	–	–	–	(118)	267
Expenses											
– Administrative	–	(582)	(87)	(1,825)	(1)	(6)	–	–	(273)	–	(2,774)
– Distribution and marketing	–	(50)	–	(40)	–	–	–	–	–	–	(90)
Profit before income tax	–	425	7	1,609	13	54	–	–	(273)	(118)	1,717
Income tax expense	–	(103)	–	(397)	–	–	–	–	68	–	(432)
Net profit	–	322	7	1,212	13	54	–	–	(205)	(118)	1,285
Other comprehensive loss	–	–	–	–	(1)	–	–	–	–	–	(1)
Total comprehensive income	–	322	7	1,212	12	54	–	–	(205)	(118)	1,284

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2016 (continued)

(a) Being adjustment to eliminate transactions between AHTT and SLTG.

(b) Being adjustment to eliminate transactions between AHTT and TLH.

(c) Being adjustment to reflect amortisation of intangible assets and recognition of deferred income tax liabilities of SLTG.

(d) Being adjustment to reflect reversal of currency translation on balances due from/to related parties waived-off or discharged.

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2017

	Per Statement of Comprehensive Income of						Pro Forma Adjustments				Unaudited Pro Forma Consolidated Statement of Comprehensive Income
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	(d)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	–	4,962	688	6,156	–	–	(164)	(71)	–	–	11,571
Cost of sales	–	(3,852)	(586)	(2,498)	–	–	164	71	–	–	(6,701)
Gross profit	–	1,110	102	3,658	–	–	–	–	–	–	4,870
Other income/(loss) – net	–	1	(1)	207	(74)	121	–	–	–	(110)	144
Expenses											
– Administrative	–	(679)	(192)	(1,706)	(6)	(517)	–	–	(273)	–	(3,373)
– Distribution and marketing	–	(60)	–	(46)	–	–	–	–	–	–	(106)
Profit/(loss) before income tax	–	372	(91)	2,113	(80)	(396)	–	–	(273)	(110)	1,535
Income tax expense	–	(93)	–	(451)	–	–	–	–	68	–	(476)
Net profit/(loss)	–	279	(91)	1,662	(80)	(396)	–	–	(205)	(110)	1,059
Other comprehensive income	–	–	–	–	1	–	–	–	–	–	1
Total comprehensive income/(loss)	–	279	(91)	1,662	(79)	(396)	–	–	(205)	(110)	1,060

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2017 (continued)

(a) Being adjustment to eliminate transactions between AHTT and SLTG.

(b) Being adjustment to eliminate transactions between AHTT and TLH.

(c) Being adjustment to reflect amortisation of intangible assets and recognition of deferred income tax liabilities of SLTG.

(d) Being adjustment to reflect reversal of currency translation on balances due from/to related parties waived-off or discharged.

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6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the three-month period ended 30 June 2016

	Per Statement of Comprehensive Income of						Pro Forma Adjustments			Unaudited Pro Forma Consolidated Statement of Comprehensive Income
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	–	288	93	–	–	–	(1)	–	–	380
Cost of sales	–	(234)	(108)	–	–	–	1	–	–	(341)
Gross profit/(loss)	–	54	(15)	–	–	–	–	–	–	39
Other (loss)/income – net	–	(6)	(1)	5	2	110	–	–	(118)	(8)
Expenses										
– Administrative	–	(157)	(31)	(364)	(1)	(1)	–	(68)	–	(622)
– Distribution and marketing	–	(9)	–	(9)	–	–	–	–	–	(18)
(Loss)/profit before income tax	–	(118)	(47)	(368)	1	109	–	(68)	(118)	(609)
Income tax expense	–	–	–	–	–	–	–	17	–	17
Net (loss)/profit	–	(118)	(47)	(368)	1	109	–	(51)	–	(592)
Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive (loss)/income	–	(118)	(47)	(368)	1	109	–	(51)	–	(592)

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the three-month period ended 30 June 2016 (continued)

(a) Being adjustment to eliminate transactions between AHTT and TLH.

(b) Being adjustment to reflect amortisation of intangible assets and recognition of deferred income tax liabilities of SLTG.

(c) Being adjustment to reflect reversal of currency translation on balances due from/to related parties waived-off or discharged.

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6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the three-month period ended 30 June 2017

	Per Statement of Comprehensive Income of						Pro Forma Adjustments			Unaudited Pro Forma Consolidated Statement of Comprehensive Income
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	–	482	97	–	–	–	(1)	–	–	578
Cost of sales	–	(328)	(104)	–	–	–	1	–	–	(431)
Gross profit	–	154	(7)	–	–	–	–	–	–	147
Other income/(loss) – net	–	2	1	(7)	(1)	(76)	–	–	15	(66)
Expenses										
– Administrative	–	(162)	(55)	(347)	–	(175)	–	(68)	–	(807)
– Distribution and marketing	–	(27)	–	(24)	–	–	–	–	–	(51)
Loss before income tax	–	(33)	(61)	(378)	(1)	(251)	–	(68)	15	(777)
Income tax expense	–	–	–	–	–	–	–	17	–	17
Net loss	–	(33)	(61)	(378)	(1)	(251)	–	(51)	15	(760)
Other comprehensive income	–	–	–	–	3	–	–	–	–	3
Total comprehensive income/(loss)	–	(33)	(61)	(378)	2	(251)	–	(51)	15	(757)

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the three-month period ended 30 June 2017 (continued)

(a) Being adjustment to eliminate transactions between AHTT and TLH.

(b) Being adjustment to reflect amortisation of intangible assets and recognition of deferred income tax liabilities of SLTG.

(c) Being adjustment to reflect reversal of currency translation on balances due from/to related parties waived-off or discharged.

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6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Financial Position as at 31 March 2017

	Per Statement of Financial Position of						Pro Forma Adjustments					Unaudited Pro Forma Consolidated Statement of Financial Position
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	(d)	(e)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
ASSETS												
Current assets												
Cash and bank balances	–	107	122	470	39	–*	–	–	(39)	–	–	699
Trade and other receivables	–	1,799	83	7,244	4,663	–	(5,825)	–	(5,083)	(712)	–	2,169
Inventories	–	–	19	86	–	–	–	–	–	–	–	105
Development properties	–	–	–	–	–	6,666	–	–	–	–	–	6,666
	–	1,906	224	7,800	4,702	6,666	(5,825)	–	(5,122)	(712)	–	9,639
Non-current assets												
Property, plant and equipment	–	22	1,312	1,534	12,953	891	–	–	(301)	–	–	16,411
Investments in subsidiary corporations	51,100	–	–	–	–	381	(18,200)	(8,881)	(13,000)	(6,800)	(4,600)	–
Intangible assets	–	–	–	–	–	–	533	–	–	6,513	3,173	10,219
	51,100	22	1,312	1,534	12,953	1,272	(17,667)	(8,881)	(13,301)	(287)	(1,427)	26,630
Total assets	51,100	1,928	1,536	9,334	17,655	7,938	(23,492)	(8,881)	(18,423)	(999)	(1,427)	36,269

–* Amount less than US$1,000

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
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For the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Financial Position as at 31 March 2017 (continued)

	Per Statement of Financial Position of						Pro Forma Adjustments					Unaudited Pro Forma Consolidated Statement of Financial Position
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	(d)	(e)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
LIABILITIES												
Current liabilities												
Trade and other payables	712	1,256	109	5,912	13,288	8,275	(5,141)	(7,299)	(13,977)	(712)	–	2,423
Borrowings	–	–	–	–	4,422	–	–	–	(4,422)	–	–	–
Current income tax liabilities	–	385	–	423	–	–	–	–	–	–	–	808
	712	1,641	109	6,335	17,710	8,275	(5,141)	(7,299)	(18,399)	(712)	–	3,231
Non-current liability												
Loans from shareholders	–	–	1,681	–	–	–	–	–	–	–	(1,681)	–
Deferred income tax liabilities	–	–	–	–	–	–	133	–	–	–	–	133
Total liabilities	712	1,641	1,790	6,335	17,710	8,275	(5,008)	(7,299)	(18,399)	(712)	(1,681)	3,364
Net assets/(liabilities)	50,388	287	(254)	2,999	(55)	(337)	(18,484)	(1,582)	(24)	(287)	254	32,905

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
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For the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Financial Position as at 31 March 2017 (continued)

	Per Statement of Financial Position of						Pro Forma Adjustments					Unaudited Pro Forma Consolidated Statement of Financial Position
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	(d)	(e)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
EQUITY												
Capital and reserves attributable to equity holder of the Target Company												
Share capital	50,388	1	49	175	24	52	(175)	(52)	(24)	(1)	(49)	50,388
Currency translation reserve	–	–	–	–	(5)	–	–	–	–	–	–	(5)
Restructuring reserve	–	–	–	–	–	–	(18,309)	(1,530)	–	–	–	(19,839)
Retained profits/(accumulated losses)	–	286	(303)	2,824	(74)	(389)	–	–		(286)	303	2,361
Total equity	50,388	287	(254)	2,999	(55)	(337)	(18,484)	(1,582)	(24)	(287)	254	32,905

(a) Being adjustment to reflect the effects of internal restructuring of SLTG as described in Note 5(a)(i).

(b) Being adjustment to reflect the effects of internal restructuring of CIL as described in Note 5(a)(ii).

(c) Being adjustment to reflect the effects of internal restructuring of PHL as described in Note 5(a)(iii).

(d) Being adjustment to reflect the acquisition of AHTT as described in Note 5(b).

(e) Being adjustment to reflect the acquisition of TLH as described in Note 5(c).

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Financial Position as at 30 June 2017

	Per Statement of Financial Position of						Pro Forma Adjustments					Unaudited Pro Forma Consolidated Statement of Financial Position
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	(d)	(e)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
ASSETS												
Current assets												
Cash and bank balances	–	98	175	210	56	–*	–	–	(56)	–	–	483
Trade and other receivables	–	1,193	23	7,328	5,086	304	(6,870)	(304)	(4,570)	(712)	–	1,478
Inventories	–	–	19	86	–	–	–	–	–	–	–	105
Development properties	–	–	–	–	–	6,666	–	–	–	–	–	6,666
	–	1,291	217	7,624	5,142	6,970	(6,870)	(304)	(4,626)	(712)	–	8,732
Non-current assets												
Property, plant and equipment	–	39	1,270	1,419	13,314	986	–	–	(301)	–	–	16,727
Investments in subsidiary corporations	51,100	–	–	–	–	–	(18,200)	(8,500)	(13,000)	(6,800)	(4,600)	–
Intangible assets	–	–	–	–	–	–	467	–	–	6,546	3,234	10,247
	51,100	39	1,270	1,419	13,314	986	(17,733)	(8,500)	(13,301)	(254)	(1,366)	26,974
Total assets	51,100	1,330	1,487	9,043	18,456	7,956	(24,603)	(8,804)	(17,927)	(966)	(1,366)	35,706

–* Amount less than US$1,000

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
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6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Financial Position as at 30 June 2017 (continued)

	Per Statement of Financial Position of						Pro Forma Adjustments					Unaudited Pro Forma Consolidated Statement of Financial Position
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	(d)	(e)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
LIABILITIES												
Current liabilities												
Trade and other payables	712	691	121	5,999	14,086	8,544	(5,156)	(8,486)	(13,479)	(712)	–	2,320
Borrowings	–	–	–	–	4,423	–	–	–	(4,423)	–	–	–
Current income tax liabilities	–	385	–	423	–	–	–	–	–	–	–	808
	712	1,076	121	6,422	18,509	8,544	(5,156)	(8,486)	(17,902)	(712)	–	3,128
Non-current liability												
Loans from shareholders	–	–	1,681	–	–	–	–	–	–	–	(1,681)	–
Deferred income tax liabilities	–	–	–	–	–	–	116	–	–	–	–	116
Total liabilities	712	1,076	1,802	6,422	18,509	8,544	(5,040)	(8,486)	(17,902)	(712)	(1,681)	3,244
Net assets/(liabilities)	50,388	254	(315)	2,621	(53)	(588)	(19,563)	(318)	(25)	(254)	315	32,462

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
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6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Financial Position as at 30 June 2017 (continued)

	Per Statement of Financial Position of						Pro Forma Adjustments					Unaudited Pro Forma Consolidated Statement of Financial Position
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	(d)	(e)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
EQUITY												
Capital and reserves attributable to equity holder of the Target Company												
Share capital	50,388	1	49	175	24	52	(175)	(52)	(24)	(1)	(49)	50,388
Currency translation reserve	–	–	–	–	(2)	–	–	–	–	–	–	(2)
Restructuring reserve	–	–	–	–	–	–	(18,403)	(1,252)	–	–	–	(19,655)
Retained profits/(accumulated losses)	–	253	(364)	2,446	(75)	(640)	–	–	–	(253)	364	1,731
Total equity	50,388	254	(315)	2,621	(53)	(588)	(18,578)	(1,304)	(24)	(254)	315	32,462

(a) Being adjustment to reflect the effects of internal restructuring of SLTG as described in Note 5(a)(i).
(b) Being adjustment to reflect the effects of internal restructuring of CIL as described in Note 5(a)(ii).
(c) Being adjustment to reflect the effects of internal restructuring of PHL as described in Note 5(a)(iii).
(d) Being adjustment to reflect the acquisition of AHTT as described in Note 5(b).
(e) Being adjustment to reflect the acquisition of TLH as described in Note 5(c).

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 March 2015

	Per Statement of Cash Flows of						Pro Forma Adjustments				Unaudited Pro Forma Consolidated Statement of Cash Flows
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	(d)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from operating activities											
Net profit/(loss)	–	230	(209)	1,443	(5)	(47)	(205)	(179)	–	–	1,028
Adjustments for:											
– Income tax expense	–	70	–	470	–	–	(68)	–	–	–	472
– Interest income – bank balances	–	–	–	(2)	–	–	–	–	–	–	(2)
– Depreciation of property, plant and equipment	–	10	54	264	–	–	–	–	–	–	328
– Amortisation of intangible assets	–	–	–	–	–	–	273	–	–	–	273
	–	310	(155)	2,175	(5)	(47)	–	(179)	–	–	2,099
Changes in working capital											
– Trade and other receivables	–	(563)	23	(382)	(215)	–	–	–	–	–	(1,137)
– Inventories	–	14	(9)	(9)	–	–	–	–	–	–	(4)
– Trade and other payables	–	275	35	874	4,514	47	–	179	–	–	5,924
Cash generated from/(used in) operations	–	36	(106)	2,658	4,294	–	–	–	–	–	6,882
Income tax paid	–	–	–	(298)	–	–	–	–	–	–	(298)
Interest received	–	–	–	2	–	–	–	–	–	–	2
Net cash provided by/(used in) operating activities	–	36	(106)	2,362	4,294	–	–	–	–	–	6,586

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 March 2015 (continued)

	Per Statement of Cash Flows of						Pro Forma Adjustments				Unaudited Pro Forma Consolidated Statement of Cash Flows
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	(d)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from investing activities											
Acquisition of subsidiary corporations, net of cash acquired	–	–	–	–	–	–	–	–	15	50	65
Additions to property, plant and equipment	–	(22)	(1,270)	(1,002)	(4,294)	–	–	–	–	–	(6,588)
Net cash used in investing activities	–	(22)	(1,270)	(1,002)	(4,294)	–	–	–	15	50	(6,523)
Cash flows from financing activities											
Loans from shareholders	–	–	1,379	–	–	–	–	–	–	–	1,379
Net cash provided by financing activities	–	–	1,379	–	–	–	–	–	–	–	1,379
Net increase in cash and bank balances	–	14	3	1,360	–	–	–	–	15	50	1,442
Cash and bank balances											
Beginning of financial year	–	15	50	1,010	–	–	–	–	(15)	(50)	1,010
End of financial year	–	29	53	2,370	–	–	–	–	–	–	2,452

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 March 2015 (continued)

(a) Being adjustment to reflect amortisation of intangible assets and recognition of deferred income tax liabilities of SLTG.

(b) Being adjustment to reflect reversal of currency translation on balances due from/to related parties waived-off or discharged.

(c) Being adjustment for the effect of cash and bank balances in relation to acquisition of AHTT.

(d) Being adjustment for the effect of cash and bank balances in relation to acquisition of TLH.

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 March 2016

	Per Statement of Cash Flows of						Pro Forma Adjustments			Unaudited Pro Forma Consolidated Statement of Cash Flows
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from operating activities										
Net profit	–	322	7	1,212	13	54	(205)	(118)	–	1,285
Adjustments for:										
– Income tax expense	–	103	–	397	–	–	(68)	–	–	432
– Interest income – bank balances	–	–	–	(2)	–	–	–	–	–	(2)
– Depreciation of property, plant and equipment	–	10	159	338	–	–	–	–	–	507
– Amortisation of intangible assets	–	–	–	–	–	–	273	–	–	273
– Loss/(gain) on disposal property, plant and equipment	–	–	2	(3)	–	–	–	–	–	(1)
– Unrealised currency translation loss	–	–	–	–	1	–	–	–	–	1
	–	435	168	1,942	14	54	–	(118)	–	2,495
Changes in working capital										
– Trade and other receivables	–	(184)	45	(1,613)	(5,000)	–	–	–	4,881	(1,871)
– Inventories	–	–	(13)	9	–	–	–	–	–	(4)
– Trade and other payables	–	(166)	45	237	2,995	(54)	–	118	–	3,175

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For the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 March 2016 (continued)

	Per Statement of Cash Flows of						Pro Forma Adjustments			Unaudited Pro Forma Consolidated Statement of Cash Flows
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash generated from/(used in) operations	–	85	245	575	(1,991)	–	–	–	4,881	3,795
Income tax paid	–	(16)	–	(502)	–	–	–	–	–	(518)
Interest received	–	–	–	2	–	–	–	–	–	2
Net cash provided by/(used in) operating activities	–	69	245	75	(1,991)	–	–	–	4,881	3,279
Cash flows from investing activities										
Additions to property, plant and equipment	–	(3)	(196)	(599)	(2,860)	–	–	–	–	(3,658)
Proceeds from disposal of property, plant and equipment	–	–	–	11	–	–	–	–	–	11
Net cash used in investing activities	–	(3)	(196)	(588)	(2,860)	–	–	–	–	(3,647)
Cash flows from financing activities										
Proceeds from borrowings	–	–	–	–	4,881	–	–	–	(4,881)	–
Loans from shareholders	–	–	74	–	–	–	–	–	–	74
Net cash provided by financing activities	–	–	74	–	4,881	–	–	–	(4,881)	74

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 March 2016 (continued)

	Per Statement of Cash Flows of						Pro Forma Adjustments			Unaudited Pro Forma Consolidated Statement of Cash Flows
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Net increase/(decrease) in cash and bank balances	–	66	123	(513)	30	–	–	–	–	(294)
Cash and bank balances										
Beginning of financial year	–	29	53	2,370	–	–	–	–	–	2,452
Effect of currency translation on cash and bank balances	–	–	–	–	(1)	–	–	–	–	(1)
End of financial year	–	95	176	1,857	29	–	–	–	–	2,157

(a) Being adjustment to reflect amortisation of intangible assets and recognition of deferred income tax liabilities of SLTG.

(b) Being adjustment to reflect reversal of currency translation on balances due from/to related parties waived-off or discharged.

(c) Being adjustment for reflect reversal of proceeds from borrowings used to finance a related party.

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
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6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 March 2017

	Per Statement of Cash Flows of						Pro Forma Adjustments			Unaudited Pro Forma Consolidated Statement of Cash Flows
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from operating activities										
Net profit/(loss)	–	279	(91)	1,662	(80)	(396)	(205)	(110)	–	1,059
Adjustments for:										
– Income tax expense	–	93	–	451	–	–	(68)	–	–	476
– Interest income – bank balances	–	–	–	(3)	–	–	–	–	–	(3)
– Depreciation of property, plant and equipment	–	14	174	432	–	–	–	–	–	620
– Amortisation of intangible assets	–	–	–	–	–	–	273	–	–	273
– Loss on disposal property, plant and equipment	–	–	1	–	–	–	–	–	–	1
– Unrealised currency translation loss	–	–	–	–	1	–	–	–	–	1
	–	386	84	2,542	(79)	(396)	–	(110)	–	2,427
Changes in working capital										
– Trade and other receivables	–	(190)	(2)	(3,098)	41	–	–	–	(15)	(3,264)
– Inventories	–	1	3	(4)	–	–	–	–	–	–
– Trade and other payables	–	207	32	77	4,843	396	–	110	(24)	5,641
Cash generated from/(used in) operations	–	404	117	(483)	4,805	–	–	–	(39)	4,804
Income tax paid	–	(10)	(3)	(401)	–	–	–	–	–	(414)
Interest received	–	–	–	3	–	–	–	–	–	3
Net cash provided by/(used in) operating activities	–	394	114	(881)	4,805	–	–	–	(39)	4,393

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 March 2017 (continued)

	Per Statement of Cash Flows of						Pro Forma Adjustments			Unaudited Pro Forma Consolidated Statement of Cash Flows
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from investing activities										
Additions to property, plant and equipment	–	(23)	(49)	(506)	(4,790)	–	–	–	–	(5,368)
Proceeds from disposal of property, plant and equipment	–	–	1	–	–	–	–	–	–	1
Net cash used in investing activities	–	(23)	(48)	(506)	(4,790)	–	–	–	–	(5,367)
Cash flows from financing activities										
Dividends paid	–	(359)	–	–	–	–	–	–	–	(359)
Repayment of loans from shareholders	–	–	(120)	–	–	–	–	–	–	(120)
Net cash used in financing activities	–	(359)	(120)	–	–	–	–	–	–	(479)
Net increase/(decrease) in cash and bank balances	–	12	(54)	(1,387)	15	–	–	–	(39)	(1,453)
Cash and bank balances										
Beginning of financial year	–	95	176	1,857	29	–	–	–	–	2,157
Effect of currency translation on cash and bank balances	–	–	–	–	(5)	–	–	–	–	(5)
End of financial year	–	107	122	470	39	–	–	–	(39)	699

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 March 2017 (continued)

(a) Being adjustment to reflect amortisation of intangible assets and recognition of deferred income tax liabilities of SLTG.

(b) Being adjustment to reflect reversal of currency translation on balances due from/to related parties waived-off or discharged.

(c) Being adjustment to reflect the cash balances not transferred to PHLHML.

6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the three-month period ended 30 June 2016

	Per Statement of Cash Flows of						Pro Forma Adjustments			Unaudited Pro Forma Consolidated Statement of Cash Flows
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from operating activities										
Net (loss)/profit	–	(118)	(47)	(368)	1	109	(51)	(118)	–	(592)
Adjustments for:										
– Income tax expense	–	–	–	–	–	–	(17)	–	–	(17)
– Interest income – bank balances	–	–	–	(1)	–	–	–	–	–	(1)
– Depreciation of property, plant and equipment	–	3	41	99	–	–	–	–	–	143
– Amortisation of intangible assets	–	–	–	–	–	–	68	–	–	68
– Unrealised currency translation gain	–	–	–	–	2	–	–	–	–	2
	–	(115)	(6)	(270)	3	109	–	(118)	–	(397)
Changes in working capital										
– Trade and other receivables	–	537	52	(301)	(868)	–	–	–	(28)	(608)
– Inventories	–	–	(20)	–	–	–	–	–	–	(20)
– Trade and other payables	–	(505)	8	365	1,469	(109)	–	118	–	1,346
Cash (used in)/generated from operations	–	(83)	34	(206)	604	–	–	–	(28)	321
Income tax paid	–	–	–	–	–	–	–	–	–	–
Interest received	–	–	–	1	–	–	–	–	–	1
Net cash (used in)/provided by operating activities	–	(83)	34	(205)	604	–	–	–	(28)	322

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6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the three-month period ended 30 June 2016 (continued)

	Per Statement of Cash Flows of						Pro Forma Adjustments			Unaudited Pro Forma Consolidated Statement of Cash Flows
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from investing activities										
Additions to property, plant and equipment	–	(4)	(6)	–	(606)	–	–	–	–	(616)
Net cash used in investing activities	–	(4)	(6)	–	(606)	–	–	–	–	(616)
Net (decrease)/increase in cash and bank balances	–	(87)	28	(205)	(2)	–	–	–	(28)	(294)
Cash and bank balances										
Beginning of financial period	–	95	176	1,857	29	–	–	–	–	2,157
Effect of currency translation on cash and bank balances	–	–	–	–	1	–	–	–	–	1
End of financial period	–	8	204	1,652	28	–	–	–	(28)	1,864

(a) Being adjustment to reflect amortisation of intangible assets and recognition of deferred income tax liabilities of SLTG.

(b) Being adjustment to reflect reversal of currency translation on balances due from/to related parties waived-off or discharged.

(c) Being adjustment to reflect the cash balances not transferred to PHLHML.

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6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the three-month period ended 30 June 2017

	Per Statement of Cash Flows of						Pro Forma Adjustments			Unaudited Pro Forma Consolidated Statement of Cash Flows
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from operating activities										
Net loss	–	(33)	(61)	(378)	(1)	(251)	(51)	15	–	(760)
Adjustments for:										
– Income tax expense	–	–	–	–	–	–	(17)	–	–	(17)
– Interest income	–	–	–	(1)	–	–	–	–	–	(1)
– Depreciation of property, plant and equipment	–	4	47	116	–	5	–	–	–	172
– Amortisation of intangible assets	–	–	–	–	–	–	68	–	–	68
– Gain on disposal property, plant and equipment	–	–	–	(5)	–	–	–	–	–	(5)
– Unrealised currency translation loss	–	–	–	–	1	–	–	–	–	1
	–	(29)	(14)	(268)	–	(246)	–	15	–	(542)
Changes in working capital										
– Trade and other receivables	–	606	60	(84)	(484)	77	–	(15)	–	160
– Trade and other payables	–	(565)	12	87	914	169	–	–	(56)	561
Cash generated from/(used in) operations	–	12	58	(265)	430	–	–	–	(56)	179
Interest received	–	–	–	1	–	–	–	–	–	1
Net cash provided by/(used in) operating activities	–	12	58	(264)	430	–	–	–	(56)	180

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6. Statement of Adjustments (continued)

Unaudited Pro Forma Consolidated Statement of Cash Flows for the three-month period ended 30 June 2017 (continued)

	Per Statement of Cash Flows of						Pro Forma Adjustments			Unaudited Pro Forma Consolidated Statement of Cash Flows
	MM Myanmar	AHTT	TLH	SLTG	PHL	CIL	(a)	(b)	(c)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash flows from investing activities										
Additions to property, plant and equipment	–	(21)	(5)	(2)	(411)	–	–	–	–	(439)
Proceeds from disposal of property, plant and equipment	–	–	–	6	–	–	–	–	–	6
Net cash (used in)/provided by investing activities	–	(21)	(5)	4	(411)	–	–	–	–	(433)
Net (decrease)/increase in cash and bank balances	–	(9)	53	(260)	19	–	–	–	(56)	(253)
Cash and bank balances										
Beginning of financial period	–	107	122	470	39	–	–	–	–	738
Effect of currency translation on cash and bank balances	–	–	–	–	(2)	–	–	–	–	(2)
Ends of financial period	–	98	175	210	56	–	–	–	(56)	483

(a) Being adjustment to reflect amortisation of intangible assets and recognition of deferred income tax liabilities of SLTG.

(b) Being adjustment to reflect reversal of currency translation on balances due from/to related parties waived-off or discharged.

(c) Being adjustment to reflect the cash balances not transferred to PHLHML.

7. Summary of Significant Accounting Policies

7.1 Revenue Recognition

Revenue comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Target Group's activities. Revenue are presented, net of value-added tax, rebates and discounts.

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

(a) Rendering of services – Destination management, Hot-air balloon, Laundry

Revenue from rendering of services are recognised in the period in which the services are rendered.

(b) Rental of lodges

Revenue from rental of lodges are recognised when lodges are occupied.

(c) Sale of goods – Food, beverages and merchandises

Revenue from sale of goods are recognised when the goods are delivered to the customers.

(d) Interest income

Interest income are recognised using the effective interest method.

7.2 Property, Plant and Equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs of a self-constructed asset include material costs, labour costs and other direct costs used in the construction of the asset. Other costs such as start-up costs, administration and other general overhead costs, advertising and training costs are excluded and expensed as incurred.

7. Summary of Significant Accounting Policies (continued)

7.2 Property, Plant and Equipment (continued)

(b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful life
Leasehold land	10 years
Buildings and landscaping	10 years
Machinery and equipment	10 years
Renovation, furniture and office equipment	3-5 years
Electrical equipment	20 years
Hot-air balloons and equipment	6 years
Motor vehicles	5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income/(loss) – net".

7. Summary of Significant Accounting Policies (continued)

7.3 Development properties

Development properties refer to properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Company's own use, rental or capital appreciation.

Development properties that are unsold are carried at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity.

Borrowing costs that are directly attributable to the acquisition and development of the development property are capitalised as part of development property during the period of development.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less estimated costs of completion and the estimated costs necessary to make the sale.

Sales of development properties under construction in respect of sale and purchase agreements are entered into prior to completion of construction are recognised when the properties are delivered to the buyer, except for in cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses.

The stage of completion is measured by reference to the ratio of contract costs incurred to date to the estimated total contract costs for the contract. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as expense immediately.

The aggregate costs incurred and the profit/loss recognised in each development property that has been sold are compared against progress billings up to the financial year-end. Where the costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as unbilled revenue under "trade and other receivables". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on development projects, under "trade and other payables".

7. Summary of Significant Accounting Policies (continued)

7.4 Intangible Assets

(a) Goodwill

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on acquisitions of joint ventures and associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired.

Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on joint ventures and associated companies is included in the carrying amount of the investments.

Gain and losses on the disposal of subsidiary corporations, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

(b) Air operator certificates

Air operator certificates acquired in a business combination are initially recognised at cost, which represents the fair value at the date of acquisition and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of air operator certificates over the management's estimated useful lives of six years. Air operator certificates relate to the certificate issued by the Myanmar Department of Civil Aviation to authorise an operator to carry out specific commercial air transport operations, i.e. hot-air balloons for the Target Group and certificate for each balloon to be flown over Bagan and Inle, Myanmar.

7. Summary of Significant Accounting Policies (continued)

7.5 Impairment of Non-financial Assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Target Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets
Property, plant and equipment

Intangible assets and property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as revaluation decrease.

7. Summary of Significant Accounting Policies (continued)

7.5 Impairment of Non-financial Assets (continued)

(b) Intangible assets
Property, plant and equipment (continued)

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

7.6 Financial Assets

(a) Classification

The Target Group classifies its financial assets in the category of loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 14) and "cash and bank balances" on the statements of financial position.

7. Summary of Significant Accounting Policies (continued)

7.6 Financial Assets (continued)

(b) Recognition and derecognition

Regular way of purchases and sales of financial assets are recognised on trade date – the date on which the Target Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Target Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(e) Impairment

The Target Group assessed at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

7. Summary of Significant Accounting Policies (continued)

7.6 Financial Assets (continued)

(e) Impairment (continued)

Loans and receivables (continued)

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior period.

7.7 Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

7.8 Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Target Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

7.9 Fair Value Estimation of Financial Assets and Liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

7. Summary of Significant Accounting Policies (continued)

7.10 Leases

The Target Group leases office spaces, apartment units, equipment and motor vehicles under operating leases from related and non-related parties.

When the Target Group is the lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

7.11 Inventories

Inventories consist of consumables, food and beverages which are purchased for the purpose of sale and use in the ordinary course of business.

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Costs include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of purchase comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The amount of any write-down of inventories to net realisable value shall be recognised as an expense in the period the write-down occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

7. Summary of Significant Accounting Policies (continued)

7.12 Taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences where the Target Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Target Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

7. Summary of Significant Accounting Policies (continued)

7.13 Provisions

Provisions are recognised when the Target Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

7.14 Employee Compensation

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

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Target Group pays fixed contributions into separate entities such as the Social Security Board in Myanmar on a mandatory, contractual or voluntary basis. The Target Group has no further payment obligations once the contributions have been paid.

(b) Bonus plan

The Target Group recognises a liability and an expense for bonuses, based on formula that takes into consideration the profit attributable to the Target Group's shareholders after certain adjustments. The Target Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

7.15 Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Target Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar, which is the functional currency of the Target Company and all values have been rounded to the nearest thousand (US$'000) unless otherwise stated.

7. Summary of Significant Accounting Policies (continued)

7.15 Currency Translation (continued)

(b) Transactions and balances

Transactions denominated in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

7.16 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the statements of financial position.

7.17 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.

7.18 Group Accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Target Group has control. The Target Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Target Group. They are deconsolidated from the date on that control ceases.

7. Summary of Significant Accounting Policies (continued)

7.18 Group Accounting (continued)

(a) Subsidiary corporations (continued)

(i) Consolidation (continued)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary corporation attributable to interests which are not owned directly or indirectly by the equity holders of the Target Group. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributable to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity acquired is reflected within the equity as restructuring reserve.

7. Summary of Significant Accounting Policies (continued)

7.18 Group Accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions (continued)

- The statements of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

All other business combinations are accounted for by applying the acquisition method.

The consideration transferred for the acquisition of a subsidiary corporation comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Target Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary corporation.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Target Group recognises any non-controlling interests in the acquiree at the date of acquisition either at fair value or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary corporation acquired and the measurement of all amounts have been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Please refer to paragraph "Intangible assets – Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

7. Summary of Significant Accounting Policies (continued)

7.18 Group Accounting (continued)

(a) Subsidiary corporations (continued)

(iii) Disposals

When a change in the Target Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specified Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(b) Transactions with non-controlling interests

Changes in the Target Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Target Company.

8. Revenue

	For the financial year ended 31 March			For the three-month period ended 30 June	
	2015	**2016**	**2017**	**2016**	**2017**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Rendering of services:					
– Destination management	4,538	4,421	4,962	288	482
– Hot-air balloon	5,565	5,577	5,915	–	–
	10,103	9,998	10,877	288	482
Rental of lodges	64	262	355	54	63
Sale of goods – Food, beverages and merchandises	136	312	339	38	33
	10,303	10,572	11,571	380	578

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9. Other (Loss)/Income, Net

	For the financial year ended 31 March			For the three-month period ended 30 June	
	2015	2016	2017	2016	2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Gain/(loss) on disposal of property, plant and equipment	–	1	(1)	–	5
Currency translation (loss)/gain, net	(27)	227	86	(9)	(72)
Interest income – bank balances	2	2	3	1	1
Other	24	37	56	–	–
	(1)	267	144	(8)	(66)

10. Expenses by Nature

	For the financial year ended 31 March			For the three-month period ended 30 June	
	2015	2016	2017	2016	2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Services providers' costs	3,376	3,110	3,617	233	327
Management fees	250	250	167	–	–
Employee compensation (Note 11)	2,034	2,364	2,772	309	495
Depreciation of property, plant and equipment	328	507	620	143	172
Amortisation of intangible assets	273	273	273	68	68
Hot-air balloon operating costs	987	1,063	1,071	–	–
Change in inventories	–	(22)	7	8	–
Purchase of consumables	632	574	516	11	18
Rental expenses on operating leases	212	224	232	62	52
Travelling expenses	140	131	100	12	11
Commission expenses	47	42	21	2	2
Other expenses	523	606	784	133	144
Total cost of sales, administrative and distribution and marketing expenses	8,802	9,122	10,180	981	1,289

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11. Employee Compensation

	For the financial year ended 31 March			For the three-month period ended 30 June	
	2015	2016	2017	2016	2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Wages, salaries and bonus	1,665	1,762	2,186	281	450
Employer's contribution to defined contribution plans	41	196	165	6	4
Other short-term benefits	328	406	421	22	41
	2,034	2,364	2,772	309	495

12. Income Taxes

	For the financial year ended 31 March			For the three-month period ended 30 June	
	2015	2016	2017	2016	2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Tax expense/(credit) attributable to profit or loss is made up of:					
Current financial year/period					
– Current income tax – Myanmar	553	508	621	–	–
– Deferred income tax – Myanmar	(68)	(68)	(68)	(17)	(17)
	485	440	553	(17)	(17)
Over provision of current income tax in prior financial years/period	(13)	(8)	(77)	–	–
	472	432	476	(17)	(17)

12. Income Taxes (continued)

The tax on the Target Group's results before income tax differs from the theoretical amount that would arise using the Myanmar local standard rate of income tax as follows:

	For the financial year ended 31 March			For the three-month period ended 30 June	
	2015 US$'000	2016 US$'000	2017 US$'000	2016 US$'000	2017 US$'000
Profit/(loss) before income tax	1,500	1,717	1,535	(609)	(777)
Tax calculated at a tax rate of 25%	375	429	384	(152)	(194)
Effects of:					
– Deferred tax asset not recognised	66	–	142	136	181
– Expenses not deductible for tax purpose	44	30	27	–	–
– Income not subject to tax	–	(3)	–	–	–
– Utilisation of previously unrecognised losses	–	(14)	–	–	–
– Over-provision in prior financial years/period	(13)	(8)	(77)	–	–
– Other	–	(2)	–	(1)	(4)
Tax charge/(credit)	472	432	476	(17)	(17)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits are probable.

The Target Group has unrecognised tax losses of approximately US$256,000, US$202,000, US$769,000 and US$1,493,000 as at 31 March 2015, 2016, 2017 and 30 June 2017 respectively, available for the set-off against future taxable income, subject to compliance with the Income Tax Law and the approval of the Comptroller of Income Tax. These tax losses amounting to US$202,000, US$567,000 and US$724,000 will expire in 2020, 2022 and 2023 respectively.

13. Earnings/(Loss) per Share

For illustrative purpose, the calculation of the basic earnings/(loss) per share is based on the net profit/(loss) attributable to equity holders of the Target Company for the financial years ended 31 March 2015, 2016 and 2017 and the three-month periods ended 30 June 2016 and 2017 and on 69,694,228 ordinary shares, representing the issued and paid-up share capital immediately after the Internal Restructuring of Yoma Assets and the Acquisition of AHTT and TLH.

There were no diluted earnings/(loss) per share for the financial years ended 31 March 2015, 31 March 2016 and 2017 and the three-month periods ended 30 June 2016 and 2017 as there were no potential dilutive ordinary shares.

	For the financial year ended 31 March			For the three-month period ended 30 June	
	2015	**2016**	**2017**	**2016**	**2017**
Basic and diluted earnings/(loss) (cents per share)	1.48	1.84	1.52	(0.85)	(1.09)

14. Trade and Other Receivables

	As at 31 March 2017 US$'000	**As at 30 June 2017 US$'000**
Trade receivables – non-related parties	606	129
Non-trade receivables		
– Non-related parties	120	22
– Related parties	626	306
	746	328
Staff advances	11	14
Deposits	27	30
Prepayments	779	977
	2,169	1,478

Non-trade receivables from related parties are interest free, unsecured and are receivable on demand. Included therein were advances and receipts from customers collected by a related party on behalf of a subsidiary corporation of the Target Group amounting to approximately US$606,000 and US$303,000 as at 31 March 2017 and 30 June 2017 respectively.

15. Inventories

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Consumables	105	105

The cost of inventories recognised as an expense and included in "cost of sales" amounted to approximately US$822,000, US$754,000 and US$681,000 for the financial years ended 31 March 2015, 2016 and 2017 respectively and US$18,000 and US$19,000 for the three-month periods ended 30 June 2016 and 2017 respectively.

16. Development Properties

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Beginning of financial year/period	–	–
Internal Restructuring	6,666	6,666
End of financial year/period	6,666	6,666

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17. Property, Plant and Equipment

As at 31 March 2017	Leasehold land US$'000	Buildings and landscaping US$'000	Machinery and equipment US$'000	Renovation, furniture and office equipment US$'000	Electrical equipment US$'000	Hot-air balloons and equipment US$'000	Motor vehicles US$'000	Construction in-progress US$'000	Total US$'000
Cost									
Beginning of financial year	–	–	–	–	–	–	–	–	–
Internal Restructuring and Acquisition of subsidiary corporations	2,423	934	151	156	19	1,092	378	11,258	16,411
End of financial year	2,423	934	151	156	19	1,092	378	11,258	16,411

17. Property, Plant and Equipment (continued)

As at 31 March 2017	Leasehold land US$'000	Buildings and landscaping US$'000	Machinery and equipment US$'000	Renovation, furniture and office equipment US$'000	Electrical equipment US$'000	Hot-air balloons and equipment US$'000	Motor vehicles US$'000	Construction in-progress US$'000	Total US$'000
Cost									
Beginning of financial period	–	–	–	–	–	–	–	–	–
Internal Restructuring and Acquisition of subsidiary corporations	2,421	899	133	175	19	1,017	346	11,717	16,727
End of financial period	2,421	899	133	175	19	1,017	346	11,717	16,727

18. Intangible Assets

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Air operating rights (Note a)	533	467
Goodwill on acquisition (Note b)	9,686	9,780
	10,219	10,247

(a) Air operating rights

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Cost		
Beginning of financial year/period	–	–
Internal Restructuring	533	467
End of financial year/period	533	467
Accumulated amortisation		
Beginning and end of financial year/period	–	–
Carrying value		
End of financial year/period	533	467

18. Intangible Assets (continued)

(b) Goodwill on acquisition

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Cost		
Beginning of financial year/period	–	–
Acquisition of subsidiary corporations	9,686	9,780
End of financial year/period	9,686	9,780

The Acquisition of AHTT and TLH is assumed to have been completed as at 31 March 2017. The goodwill relating to the Acquisition is provisional as the fair value of the identifiable assets are provisionally determined.

A segment-level summary of the provisional goodwill allocation is as follows:

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Myanmar		
Services segment	6,513	6,546
Hotels segment	3,173	3,234
	9,686	9,780

The initial purchase price allocation to intangible assets (excluding goodwill), property, plant and equipment and goodwill will be assessed and expected to be finalised within 12 months from date of acquisition. The Target Group has not performed any impairment assessment on these acquisitions as the initial allocation of goodwill has not been completed. Furthermore, there is no internal and external triggering events that warrant an impairment assessment, as these business assets are considered to be generating revenue and profits and are expected to have positive contribution to the Target Group.

19. Trade and Other Payables

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Current		
Trade payables:		
– Non-related parties	755	693
– Related parties	68	–
	823	693
Non-trade payables:		
– Non-related parties	586	593
– Related parties	1	–
	587	593
Accrued operating expenses	620	576
Customers' deposits	393	458
	2,423	2,320

Non-trade payables to related parties are unsecured, interest-free and are payable on demand.

20. Deferred Income Taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts determined after appropriate offsetting, are shown on the statements of financial position as follows:

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Deferred income tax liabilities		
– To be settled within one year	68	68
– To be settled after one year	65	48
	133	116

20. Deferred Income Taxes (continued)

The movement in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Fair value of air operating rights		
Beginning of financial year/period	–	–
Internal Restructuring	133	116
End of financial year/period	133	116

21. Share Capital

	Target Company	
	No. of ordinary share	Amount of share capital US$'000
As at 31 March 2017 and 30 June 2017		
Beginning of financial year/period or date of incorporation	2	*
Share issued pursuant to:		
(a) Internal Restructuring		
– SLTG	25,089,922	18,200
– CIL	11,848,019	8,500
– PHLHM	18,120,498	13,000
(b) Acquisition		
– AHTT	8,363,307	6,088
– TLH	6,272,480	4,600
End of financial year/period	69,694,228	50,388

* Less than US$1,000

All issued ordinary shares are fully paid with no par value. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Target Company.

21. Share Capital (continued)

On 23 December 2016, the Target Company was incorporated with 2 issued and paid-up ordinary share amounted S$2 (equivalent to US$1).

The Target Company will be issuing 69,694,226 new ordinary shares for the purpose of Internal Restructuring of SLTG, CIL and PHLHM and Acquisition of AHTT and TLH which are assumed to have been issued as at 31 March 2017 and 30 June 2017. The newly issued shares rank pari passu in all respects with the previously issued shares.

22. Currency Translation Reserve

Currency translation reserve arises from translation of the financial statements of entities within the Target Group whose functional currencies are different from the Target Company's presentation currency. This reserve is not distributable.

23. Restructuring Reserve

Restructuring reserve represents the differences between the cost of investment recorded at the nominal value of the equity shares issued by the Target Company and share capital of each of the entity under the Internal Restructuring plus other adjustments as explained in Note 5(a). This reserve is not distributable.

24. Financial Risk Management

Financial risk factors

The Target Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Target Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Target Group's financial performance.

(a) Market risk

(i) Currency risk

The Target Group operates predominately in Myanmar. The Target Group regularly transact in currencies other than its functional currency ("foreign currencies").

Currency risk arises in the Target Group when transactions are denominated in foreign currencies such as United States Dollar ("USD"), Myanmar Kyat ("Kyat") and Singapore Dollar ("SGD"). The Target Group manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts when they are available. At the reporting date, the Target Group has not entered into any currency forward contracts.

24. Financial Risk Management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Target Group's currency exposure based on the information provided to key management is as follows:

	USD US$'000	Kyat US$'000	SGD US$'000	Others US$'000	Total US$'000
As at 31 March 2017					
Financial assets					
Cash and bank balances	539	118	–	42	699
Trade and other receivables	1,379	–	–	–	1,379
	1,918	118	–	42	2,078
Financial liabilities					
Trade and other payables	(869)	(717)	(408)	(36)	(2,030)
Net financial assets/(liabilities)	1,049	(599)	(408)	6	48
Add: Net non-financial assets	21,426	11,431	–	–	32,857
Currency profile including non-financial assets and liabilities	22,475	10,832	(408)	6	32,905
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currency	–	(599)	(408)	6	(1,001)

24. Financial Risk Management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Target Group's currency exposure based on the information provided to key management is as follows:

	USD US$'000	Kyat US$'000	SGD US$'000	Others US$'000	Total US$'000
As at 30 June 2017					
Financial assets					
Cash and bank balances	339	93	–	51	483
Trade and other receivables	–	487	–	–	487
	339	580	–	51	970
Financial liabilities					
Trade and other payables	–	(795)	(1,041)	(26)	(1,862)
Net financial assets/(liabilities)	339	(215)	(1,041)	25	(892)
Add: Net non-financial assets	19,308	13,945	–	101	33,354
Currency profile including non-financial assets and liabilities	19,647	13,730	(1,041)	126	32,462
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currency	–	(215)	(1,041)	25	(1,231)

24. Financial Risk Management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the Kyat and SGD change against the USD by 13% and 3% as at 31 March 2017 respectively and 1% and 1% as at 30 June 2017 respectively, with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position on the Target Group's net results will be as follows:

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Increase/(Decrease)		
Kyat against USD		
– strengthened	(58)	(2)
– weakened	58	2
Increase/(Decrease)		
SGD against USD		
– strengthened	(9)	(8)
– weakened	9	8

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Target Group's income and operating cash flow are substantially independent of changes in market interest rates. The Target Group has no significant interest rate risk as its financial assets and liabilities are non-interest bearing.

24. Financial Risk Management (continued)

Financial risk factors (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Target Group. The major classes of financial assets of the Target Group are cash and bank balances and trade and other receivables. For trade receivables, the Target Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Target Group adopts the policy of dealing only with high credit quality counterparties.

As the Target Group does 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.

As at 31 March 2017 and 30 June 2017, trade receivables of the Target Group comprise 2 debtors and 1 debtor respectively that individually represented more than 15% and 56% of trade receivables at each reporting date.

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

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
By geographical area		
Myanmar	427	35
Singapore	–	19
Thailand	29	–
France	184	362
Hong Kong	626	41
Spain	17	–
Switzerland	56	–
Others	13	–
	1,352	457

24. Financial Risk Management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with bank with high credit-ratings as determined by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Target Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Past due less than 3 months	432	121
Past due 3 to 6 months	16	8
	448	129

Management has assessed that no allowance for impairment is required for trade receivables past due as there is no indication that these past due trade receivables will default on their payment based on historical transactions with the customers.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash. At the reporting date, assets held by the Target Group for managing liquidity risk included cash and bank balances.

24. Financial Risk Management (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

Management monitors rolling forecasts of the liquidity reserves of the Target Group on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Target Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Target Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Target Group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Less than 1 year		
Trade and other payables	2,030	1,862

(d) Capital risk

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Target Group may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on working capital ratio. The Target Group is not required by the banks to maintain certain working capital ratio. The Target Group's strategies are to maintain a working capital ratio not lower than 1.

The working capital ratio is calculated as current assets divided by current liabilities.

24. Financial Risk Management (continued)

Financial risk factors (continued)

(d) Capital risk (continued)

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Current assets	9,639	8,732
Current liabilities	3,231	3,128
Working capital ratio	2.98	2.79

The Target Group is not subject to any externally imposed capital requirements for the financial years ended 31 March 2015, 2016 and 2017 and the three-month periods ended 30 June 2017 and 2016.

(e) Fair value measurement

The carrying amount of current receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Target Group for similar financial instruments.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position, except for the following:

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Loans and receivables	2,078	970
Financial liabilities at amortised cost	2,030	1,862

25. Related Party Transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Target Group and related parties at terms agreed between the parties.

(a) Sales and purchases of goods and services and other transactions

	For the financial year ended 31 March			For the three-month period ended 30 June	
	2015 US$'000	2016 US$'000	2017 US$'000	2016 US$'000	2017 US$'000
Management fees paid/payable to a related party	250	250	167	62	16
Commission fees paid/payable to a related party	47	42	21	1	1
Rental expenses paid/payable to related parties	154	144	142	14	17
Rendering of hot-air balloons service to a related party	–	–	3	–	–
Purchases from a related party	129	257	238	9	22
Project management fee charged by a related party	534	435	508	136	39
Design fee charged by a related party	278	–	–	–	10
Short term loan to a related party	32	156	23	12	–

25. Related Party Transactions (continued)

(a) Sales and purchases of goods and services and other transactions (continued)

Related parties are entities with common direct or indirect shareholders and/or directors or management. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Outstanding balances as at 31 March 2017, arising from the above transactions, are unsecured and receivables/payables within 12 months from reporting date and are disclosed in Notes 14 and 19 respectively.

(b) Key management personnel compensation is as follows:

	For the financial year ended 31 March			For the three-month period ended 30 June	
	2015 US$'000	2016 US$'000	2017 US$'000	2016 US$'000	2017 US$'000
Wages, salaries and bonus	288	249	689	140	146
Employer's contribution to defined contribution plans	1	1	1	–	–
	289	250	690	140	146

26. Commitments

(a) Capital commitments

Capital expenditures contracted for at the reporting date but not recognised are as follows:

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Property, plant and equipment	2,944	2,896

(b) Operating lease commitments – where the Target Group is a lessee

The Target Group leases office space from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	As at 31 March 2017 US$'000	As at 30 June 2017 US$'000
Within one year	124	262
Between one and five years	57	537
	181	799

27. Segment Information

Management has determined the operating segment based on the reports reviewed by the Management Team that are used to make strategic decisions. The Management Team comprises the Chief Executive Officer, Chief Operating Officer, the Chief Financial Officer and the head of each business segment. The Target Group currently operates only in Myanmar and is organised into business units based on their services as follows:

(a) Experiences segment

The Target Group, through SLTG, operates a full service commercial hot-air balloon business operating under the brand "Balloons over Bagan" in Bagan and Inle Lake area (the "BOB Business"). The "Balloons over Bagan" branding and its maroon coloured balloons have become the country's most iconic tourist attractions. The BOB Business provides an all-around luxury experience to its customers, which includes (i) complimentary pick up from accommodation in converted vintage buses; (ii) pre-flight coffee, tea and refreshments; (iii) a guided interactive tour of the hot-air balloon during inflation; (iv) a champagne breakfast upon landing; and (v) issuance of a flight certificate award before sending guests back to their accommodation. This reportable segment has been formed by aggregating the sale of merchandise to customers, which are regarded by management to exhibit similar economic characteristics.

(b) Services segment

Under the destination management services, AHTT, operating under the brand "Asia Holiday", provides full-scale and customised services in designing and implementing tours. Such services include (i) designing and preparing fully customised itineraries for tour packages; (ii) organising unique excursions, activities and cultural experiences to cater to specific end-customers' preferences; (iii) managing tour logistics, including recommending and booking of accommodations, restaurants and transportation; (iv) organising MICE events, for instance, the arrangement and coordination of the tour logistics for the World Economic Forum 2013 held in Nay Pyi Taw; and (v) provision of travel guides of various languages in Myanmar.

27. Segment Information (continued)

(c) Hotels Segment

Under the Hotels Segment, the Target Group currently owns and operates hotels and lodges through Pun Hlaing Lodge and Hpa An Lodge. The Hpa An Lodge has commenced operations since financial year ended 31 March 2015, while the Pun Hlaing Lodge is currently under construction and is expected to be completed in financial year ending 31 March 2019. The Target Group operates an integrated tourism platform which allows it to cohesively brand and manage its products and services. This reportable segment has been formed by aggregating the sale of food and beverage to customers, which are regarded by management to exhibit similar economic characteristics.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

The segment information provided to the Management Team for the reportable segments and reconciliation to pro forma consolidated statements of comprehensive income are as follows:

	Myanmar			
	Services US$'000	**Experiences US$'000**	**Hotels US$'000**	**Total US$'000**
For the financial year ended 31 March 2015				
Total segment revenue	4,538	5,839	133	10,510
Inter-segment revenue	–	(190)	(17)	(207)
Revenue from external parties	4,538	5,649	116	10,303
Segment result	1,162	3,059	–	4,221
Other loss, net				(1)
Expenses				
– Administrative				(2,608)
– Distribution and marketing				(112)
Profit before income tax				1,500
Income tax expense				(472)
Net profit				1,028

27. Segment Information (continued)

	Myanmar			
	Services US$'000	**Experiences US$'000**	**Hotels US$'000**	**Total US$'000**
For the financial year ended 31 March 2016				
Total segment revenue	4,421	5,883	538	10,842
Inter-segment revenue	–	(203)	(67)	(270)
Revenue from external parties	4,421	5,680	471	10,572
Segment result	1,311	2,975	28	4,314
Other income, net				267
Expenses				
– Administrative				(2,774)
– Distribution and marketing				(90)
Profit before income tax				1,717
Income tax expense				(432)
Net profit				1,285

	Myanmar			
	Services US$'000	**Experiences US$'000**	**Hotels US$'000**	**Total US$'000**
For the financial year ended 31 March 2017				
Total segment revenue	4,962	6,156	688	11,806
Inter-segment revenue	–	(164)	(71)	(235)
Revenue from external parties	4,962	5,992	617	11,571
Segment result	1,345	3,494	31	4,870
Other income, net				144
Expenses				
– Administrative				(3,373)
– Distribution and marketing				(106)
Profit before income tax				1,535
Income tax expense				(476)
Net profit				1,059

MM Myanmar Pte. Ltd. and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Consolidated Financial Information
For the financial years ended 31 March 2015, 2016 and 2017 and the three-month period ended 30 June 2017

27. Segment Information (continued)

	Myanmar			
	Services US$'000	**Experiences US$'000**	**Hotels US$'000**	**Total US$'000**
For the three-month period ended 30 June 2016				
Total segment revenue	288	–	93	381
Inter-segment revenue	–	–	(1)	(1)
Revenue from external parties	288	–	92	380
Segment result	54	–	(15)	39
Other income, net				8
Expenses				
– Administrative				(622)
– Distribution and marketing				(18)
Loss before income tax				(609)
Income tax credit				17
Net loss				(592)

	Myanmar			
	Services US$'000	**Experiences US$'000**	**Hotels US$'000**	**Total US$'000**
For the three-month period ended 30 June 2017				
Total segment revenue	482	–	97	579
Inter-segment revenue	–	–	(1)	(1)
Revenue from external parties	482	–	96	578
Segment result	154	–	(7)	147
Other loss, net				(66)
Expenses				
– Administrative				(807)
– Distribution and marketing				(51)
Loss before income tax				(777)
Income tax credit				17
Net loss				(760)

27. Segment Information (continued)

The revenue from external parties reported to the Management Team is measured in a manner consistent with that in the statement of comprehensive income.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with non-related parties.

The Management Team assesses the performance of the operating segments based on segment results which represent the gross profit earned by each segment.

No allocation of total assets and liabilities for each reportable segment provided in the reports to the Key Management, accordingly no such disclosure is required. All non-current assets of the Target Group are located in Myanmar.

Revenue from major products and services are as disclosed in Note 8. There is no revenue derived from any customer which accounted for 10 per cent or more of the Target Group's total revenue.

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APPENDIX E – AUDITED FINANCIAL STATEMENTS OF PUN HLAING LODGE LIMITED FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 2016 AND 2017

The Board of Directors
Pun Hlaing Lodge Limited
The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate,
Hlaing Thayar Township, Yangon 11401, Myanmar

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANTS' REPORT ON THE AUDITED FINANCIAL STATEMENTS OF PUN HLAING LODGE LIMITED FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 2016 AND 2017

Opinion

We have audited the accompanying financial statements of Pun Hlaing Lodge Limited. (the "Company") which comprise the statements of financial position of the Company as at 31 March 2015, 2016 and 2017 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial years ended 31 March 2015, 2016 and 2017, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages E-4 to E-24.

In our opinion, the accompanying financial statements are properly drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2015, 2016 and 2017, and of the financial performance, changes in equity and cash flows of the Company for the financial years ended on 31 March 2015, 2016 and 2017.

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 Company 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.

Responsibilities of Management and Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We communicate with the director 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.

Restriction on Distribution and Use

This report has been prepared solely for inclusion in the circular to the shareholders (the "Circular") of SHC Capital Asia Limited to be issued in connection with the proposed acquisition of MM Myanmar Pte. Ltd. by SHC Capital Asia Limited, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and for no other purpose or party.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Meriana Ang Mei Ling

Singapore
20 November 2017

Pun Hlaing Lodge Limited
Statements of Comprehensive Income
For the financial years ended 31 March 2015, 2016 and 2017

	Note	2015 US$'000	2016 US$'000	2017 US$'000
Other income/(loss) – net	3	–	14	(74)
Administrative expenses		(5)	(1)	(6)
(Loss)/profit before income tax		(5)	13	(80)
Income tax expense	4	–	–	–
Net (loss)/profit		(5)	13	(80)
Items that may be reclassified subsequently to profit or loss:				
– Currency translation (loss)/gain		(2)	(1)	1
Total comprehensive (loss)/income for the financial year		(7)	12	(79)

The accompanying notes form an integral part of these financial statements

Pun Hlaing Lodge Limited
Statements of Financial Position
As at 31 March 2015, 2016 and 2017

	Note	2015 US$'000	2016 US$'000	2017 US$'000
ASSETS				
Current assets				
Cash and bank balances		–	29	39
Other receivables	5	216	5,312	4,663
		216	5,341	4,702
Non-current assets				
Property, plant and equipment	6	7,394	9,596	12,953
Total assets		7,610	14,937	17,655
LIABILITIES				
Current liabilities				
Trade and other payables	7	7,598	9,918	13,288
Borrowing	8	–	4,995	4,422
Total liabilities		7,598	14,913	17,710
Net assets/(liabilities)		12	24	(55)
EQUITY				
Share capital	9	24	24	24
Currency translation reserve		(5)	(6)	(5)
(Accumulated losses)/retained profits		(7)	6	(74)
Total equity		12	24	(55)

The accompanying notes form an integral part of these financial statements

Pun Hlaing Lodge Limited
Statements of Changes in Equity
For the financial years ended 31 March 2015, 2016 and 2017

	Share capital US$'000	Currency translation reserve* US$'000	(Accumulated losses)/retained profits# US$'000	Total equity US$'000
2015				
Beginning of financial year	24	(3)	(2)	19
Total comprehensive loss	–	(2)	(5)	(7)
End of financial year	24	(5)	(7)	12
2016				
Beginning of financial year	24	(5)	(7)	12
Total comprehensive (loss)/income	–	(1)	13	12
End of financial year	24	(6)	6	24
2017				
Beginning of financial year	24	(6)	6	24
Total comprehensive income/(loss)	–	1	(80)	(79)
End of financial year	24	(5)	(74)	(55)

* Currency translation reserve is not distributable

\# Retained profits of the Company are fully distributable

The accompanying notes form an integral part of these financial statements

Pun Hlaing Lodge Limited
Statements of Cash Flows
For the financial years ended 31 March 2015, 2016 and 2017

	Note	2015 US$'000	2016 US$'000	2017 US$'000
Cash flows from operating activities				
Net (loss)/profit		(5)	13	(80)
Adjustment for:				
– Unrealised currency translation loss		–	1	1
	7	(5)	14	(79)
Changes in working capital				
– Other receivables		(215)	(5,000)	41
– Trade and other payables		4,514	2,995	4,843
Cash generated from/(used in) operations, representing net cash provided by/(used in) operating activities		4,294	(1,991)	4,805
Cash flows from investing activity				
Additions to property, plant and equipment	6	(4,294)	(2,860)	(4,790)
Net cash used in investing activity		(4,294)	(2,860)	(4,790)
Cash flows from financing activity				
Proceeds from bank borrowings		–	4,881	–
Net cash provided by financing activity		–	4,881	–
Net increase in cash and bank balances		–	30	15
Cash and bank balances				
Beginning of financial year		–	–	29
Effect on currency translation on cash and bank balances		–	(1)	(5)
End of financial year		–	29	39

The accompanying notes form an integral part of these financial statements

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

The Company is incorporated and domiciled in Myanmar. The address of its registered office is in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar

The principal activities of the Company are those relating to the business of proposed hotel development currently under construction, which is situated on a 2.19 acres parcel of land located at Residential Ward No.12, Pun Hlaing Golf Club Housing, Hlaing Thayar Township, Yangon, Myanmar.

The Company's immediate holding corporation is Yoma Development Group Limited which is incorporated in Myanmar and ultimate holding corporation is Yoma Strategic Holdings Ltd. which is incorporated in Singapore and listed on the Mainboard of the SGX-ST.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Interpretations and amendments to published standards effective in 2015, 2016 and 2017

On 1 April 2014, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of the new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the financial years ended 31 March 2015, 2016 and 2017 or prior financial years.

2 Significant accounting policies (continued)

2.2 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs of a self-constructed asset include material costs, labour costs and other direct costs used in the construction of the asset. Other costs such as start-up costs, administration and other general overhead costs, advertising and training costs are excluded and expensed as incurred.

(b) Depreciation

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income/(loss) – net".

2.3 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

2 Significant accounting policies (continued)

2.3 Impairment of non-financial assets (continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.4 Financial assets

(a) Classification

The Company classifies its financial assets in the category of loan and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "Other receivables (Note 5) and "Cash and bank balances" on the statements of financial position.

2 Significant accounting policies (continued)

2.4 Financial assets (continued)

(b) Recognition and derecognition

Regular way of purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(e) Impairment

The Company assessed at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

2 Significant accounting policies (continued)

2.4 Financial assets (continued)

(e) Impairment (continued)

Loans and receivables (continued)

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior financial period.

2.5 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.7 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.8 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction.

2 Significant accounting policies (continued)

2.8 Income taxes (continued)

A deferred income tax liability is recognised on temporary differences where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2.9 Provisions

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.10 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Myanmar Kyat ("Kyat") and the Company has presented its financial statements in United States Dollar ("USD" or "US$"). United States Dollar is assessed to be more reflective of the economic effects of the underlying transactions, events and conditions of the Company to the users of the financial statements for inclusion in the Circular of SHC Capital Asia Limited in connection with the proposed acquisition of MM Myanmar Pte. Ltd..

2 Significant accounting policies (continued)

2.10 Currency translation (continued)

(b) Transactions and balances

Transactions denominated in a currency other than functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates at reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when fair values are determined.

2.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the statements of financial position.

2.12 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.

3 Other income/(loss) – net

	2015 US$'000	2016 US$'000	2017 US$'000
Currency translation gain/(loss), net	–	14	(74)

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

4 Income tax expense

The tax on the Company's (loss)/profit before income tax differs from the theoretical amount that would arise using the Myanmar local standard rate of income tax as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
(Loss)/profit before income tax	(5)	13	(80)
Tax calculated at a tax rate of 25%	(2)	3	(20)
Effects of:			
– Expenses not deductible for tax purpose	2	–	20
– Income not subject to tax	–	(3)	–
Tax charge	–	–	–

5 Other receivables

	2015 US$'000	2016 US$'000	2017 US$'000
Non-trade receivables			
– Ultimate holding corporation	–	5,135	4,115
– Related party	19	17	15
	19	5,152	4,130
Prepayments	194	160	533
Deposits	3	–	–
	216	5,312	4,663

Non-trade receivables from ultimate holding corporation and related party are unsecured, interest-free and are receivable on demand.

6 Property, plant and equipment

	Land US$'000	Construction in progress US$'000	Total US$'000
2015			
Cost and net book value			
Beginning of financial year	3,621	245	3,866
Additions	–	4,294	4,294
Currency translation differences	(410)	(356)	(766)
End of financial year	3,211	4,183	7,394

6 Property, plant and equipment (continued)

	Land US$'000	Construction in progress US$'000	Total US$'000
2016			
Cost and net book value			
Beginning of financial year	3,211	4,183	7,394
Additions	–	2,860	2,860
Currency translation differences	(315)	(343)	(658)
End of financial year	2,896	6,700	9,596

	Land US$'000	Construction in progress US$'000	Total US$'000
2017			
Cost and net book value			
Beginning of financial year	2,896	6,700	9,596
Additions	–	4,790	4,790
Currency translation differences	(332)	(1,101)	(1,433)
End of financial year	2,564	10,389	12,953

Land and construction in progress of the Company with total carrying amounts US$9,596,000 and US$12,953,000 as at 31 March 2016 and 2017 respectively is pledged to secure bank borrowing of the Company (Note 8).

7 Trade and other payables

	2015 US$'000	2016 US$'000	2017 US$'000
Trade payables – Non-related parties	85	582	3,022
Non-trade payables			
– Non-related parties	1	181	1
– Related parties	219	198	176
– Fellow subsidiary corporations	7,293	8,957	10,089
	7,513	9,336	10,266
	7,598	9,918	13,288

Non-trade payables to related parties and fellow subsidiary corporations are unsecured, interest-free and are payable on demand.

8 Borrowing

	2015 US$'000	2016 US$'000	2017 US$'000
Current			
Bank borrowing	–	4,995	4,422

Bank borrowing of the Company is secured by land and construction in progress of the Company (Note 6).

Bank borrowing of the Company is used to finance construction projects of a fellow subsidiary corporation, accordingly interest expenses were borne by the fellow subsidiary corporation.

9 Share capital

As at 31 March 2015, 2016 and 2017, the Company's share capital comprises fully paid 20,000 ordinary shares with par value of Kyat 1,000 per share, amounting to approximately US$24,000 (Kyat 20,000,000) respectively. There is no movement in the share capital of the Company for the financial years then ended.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

10 Financial risk management

Financial risk factors

The Company's activities exposed it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company primarily operates in Myanmar and is exposed to currency risk when transactions are denominated in foreign currencies, such as Singapore Dollar ("SGD") and United States Dollar ("USD"). The Company manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts when they are available. At the reporting date, the Company has not entered into any currency forward contracts.

10 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	Kyat US$'000	USD US$'000	SGD US$'000	Total US$'000
2015				
Financial assets				
Other receivables	22	–	–	22
	22	–	–	22
Financial liabilities				
Trade and other payables	(7,598)	–	–	(7,598)
Net financial liabilities	(7,576)	–	–	(7,576)
Add: Net non-financial assets	7,588	–	–	7,588
Currency profile including non-financial assets and liabilities	12	–	–	12
Currency exposure of financial assets/(liabilities) net of those denominated in the Company's functional currency	–	–	–	–

10 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	Kyat US$'000	USD US$'000	SGD US$'000	Total US$'000
2016				
Financial assets				
Cash and bank balances	21	8	–	29
Other receivables	5,152	–	–	5,152
	5,173	8	–	5,181
Financial liabilities				
Borrowings	(4,995)	–	–	(4,995)
Trade and other payables	(9,914)	–	(4)	(9,918)
	(14,909)	–	(4)	(14,913)
Net financial (liabilities)/assets	(9,736)	8	(4)	(9,732)
Add: Net non-financial assets	9,756	–	–	9,756
Currency profile including non-financial assets and liabilities	20	8	(4)	24
Currency exposure of financial assets/(liabilities) net of those denominated in the Company's functional currency	–	8	(4)	4

10 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	Kyat US$'000	USD US$'000	SGD US$'000	Total US$'000
2017				
Financial assets				
Cash and bank balances	32	7	–	39
Trade and other receivables	4,130	–	–	4,130
	4,162	7	–	4,169
Financial liabilities				
Borrowings	(4,422)	–	–	(4,422)
Trade and other payables	(13,074)	(189)	(25)	(13,288)
	(17,496)	(189)	(25)	(17,710)
Net financial liabilities	(13,334)	(182)	(25)	(13,541)
Add: Net non-financial assets	13,486	–	–	13,486
Currency profile including non-financial assets and liabilities	152	(182)	(25)	(55)
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	–	(182)	(25)	(207)

10 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD changes against Kyat by 6%, 11% and 13% for the financial years ended 31 March 2015, 2016 and 2017 respectively, with all other variables, including tax rates being held constant, the effects arising from the net financial assets/liabilities position on the Company's net results will be as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Increase/(Decrease)			
USD against Kyat			
– strengthened	–	1	(18)
– weakened	–	(1)	18

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rate. Bank borrowing of the Company is used to finance a fellow subsidiary corporation, therefore interest expenses are borne by the fellow subsidiary corporation. The Company's income and operating cash flow are substantially independent of changes in market interest rates as the Company's financial assets and liabilities are non-interest bearing.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash and bank balances and other receivables. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties. The Company has significant concentration of credit risk relating to non-trade receivables from ultimate holding corporation.

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

10 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with bank with high credit-ratings. Non-trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Company to meet its financial obligations, measured by the working capital ratio.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and is dependent on the continuing financial support from its ultimate holding corporation. Financial liabilities of the Company as at 31 March 2015, 2016 and 2017 of US$7,598,000, US$14,913,000 and US$17,710,000 respectively, are due within one year.

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on working capital ratio. The Company is not required by the banks to maintain certain capital requirement. The Company's strategies are to maintain a working capital ratio not lower than 1.

10 Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk (continued)

The working capital ratio is calculated as current assets divided by current liabilities.

	2015 US$'000	2016 US$'000	2017 US$'000
Current assets	216	5,341	4,702
Current liabilities	7,598	14,913	17,710
Working capital ratio	0.03	0.36	0.27

Despite the Company's working capital ratio is lower than 1, the Company will be able to remain as a going concern in view of the continuing financial support from its ultimate holding corporation.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2015, 2016 and 2017.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position except for following:

	2015 US$'000	2016 US$'000	2017 US$'000
Loan and receivables	22	5,181	4,169
Financial liabilities at amortised cost	7,598	14,913	17,710

11 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties.

11 Related party transactions (continued)

(a) Sales and purchase of goods and services and other transactions

	2015 US$'000	2016 US$'000	2017 US$'000
Project management fee charged by a fellow subsidiary corporation	539	435	508
Design fee charged by a fellow subsidiary corporation	278	–	–

Related parties are entities with common direct or indirect shareholders and/or directors or management. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Outstanding balances as at 31 March 2015, 2016 and 2017 are unsecured and receivables/payables within 12 months from reporting date and are disclosed in Notes 5 and 7 respectively.

(b) Key management personnel compensation

There is no remuneration paid and/or payable to the key management personnel for the financial years ended 31 March 2015, 2016 and 2017.

12 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2017 or later periods and which the Company has not early adopted. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on Company's financial statements.

13 Authorisation of financial statements

These financial statements have been prepared solely for inclusion in the Circular of SHC Capital Asia Limited and were authorised for issue by the Director of the Company on 20 November 2017.

The Board of Directors
Shwe Lay Ta Gun Travels & Tours Company Limited
The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate
Hlaing Thayar Township, Yangon 11401, Myanmar

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANTS' REPORT ON THE AUDITED FINANCIAL STATEMENTS OF SHWE LAY TA GUN TRAVELS & TOURS COMPANY LIMITED FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 2016 AND 2017

Opinion

We have audited the accompanying financial statements of Shwe Lay Ta Gun Travels & Tours Company Limited (the "Company") which comprise the statements of financial position of the Company as at 31 March 2015, 2016 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial years ended 31 March 2015, 2016 and 2017, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages F-4 to F-34.

In our opinion, the accompanying financial statements are properly drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2015, 2016 and 2017, and of the financial performance, changes in equity and cash flows of the Company for the financial years ended on 31 March 2015, 2016 and 2017.

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 Company 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.

Responsibilities of Management and Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We communicate with the director 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.

Restriction on Distribution and Use

This report has been prepared solely for inclusion in the circular to the shareholders (the "Circular") of SHC Capital Asia Limited to be issued in connection with the proposed acquisition of MM Myanmar Pte. Ltd. by SHC Capital Asia Limited, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and for no other purpose or party.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Meriana Ang Mei Ling

Singapore
20 November 2017

Shwe Lay Ta Gun Travels & Tours Company Limited
Statements of Comprehensive Income
For the financial years ended 31 March 2015, 2016 and 2017

	Note	2015 US$'000	2016 US$'000	2017 US$'000
Revenue	4	5,839	5,883	6,156
Cost of sales		(2,590)	(2,705)	(2,498)
Gross profit		3,249	3,178	3,658
Other income – net	5	206	296	207
Expenses				
– Administrative		(1,482)	(1,825)	(1,706)
– Distribution and marketing		(60)	(40)	(46)
Profit before income tax		1,913	1,609	2,113
Income tax expense	8	(470)	(397)	(451)
Total comprehensive income, representing net profit		1,443	1,212	1,662

The accompanying notes form an integral part of these financial statements

Shwe Lay Ta Gun Travels & Tours Company Limited
Statements of Financial Position
As at 31 March 2015, 2016 and 2017

	Note	2015 US$'000	2016 US$'000	2017 US$'000
ASSETS				
Current assets				
Cash and bank balances		2,370	1,857	470
Trade and other receivables	9	1,642	3,255	7,244
Inventories	10	91	82	86
		4,103	5,194	7,800
Non-current assets				
Property, plant and equipment	11	2,098	2,351	1,534
Total assets		6,201	7,545	9,334
LIABILITIES				
Current liabilities				
Other payables	12	2,598	2,835	5,912
Current income tax liabilities		478	373	423
Total liabilities		3,076	3,208	6,335
Net assets		3,125	4,337	2,999
EQUITY				
Share capital	13	31	31	175
Retained profits		3,094	4,306	2,824
Total equity		3,125	4,337	2,999

The accompanying notes form an integral part of these financial statements

Shwe Lay Ta Gun Travels & Tours Company Limited
Statements of Changes in Equity
For the financial years ended 31 March 2015, 2016 and 2017

	Note	Share capital US$'000	Retained profits* US$'000	Total equity US$'000
2015				
Beginning of financial year		31	1,651	1,682
Total comprehensive income		–	1,443	1,443
End of financial year		31	3,094	3,125
2016				
Beginning of financial year		31	3,094	3,125
Total comprehensive income		–	1,212	1,212
End of financial year		31	4,306	4,337
2017				
Beginning of financial year		31	4,306	4,337
Total comprehensive income		–	1,662	1,662
Issuance of new ordinary shares	13	144	–	144
Dividends relating to 2017	14	–	(3,144)	(3,144)
End of financial year		175	2,824	2,999

* Retained profits of the Company are fully distributable

The accompanying notes form an integral part of these financial statements

Shwe Lay Ta Gun Travels & Tours Company Limited
Statements of Cash Flows
For the financial years ended 31 March 2015, 2016 and 2017

	Note	2015 US$'000	2016 US$'000	2017 US$'000
Cash flows from operating activities				
Net profit		1,443	1,212	1,662
Adjustments for:				
– Income tax expense	8	470	397	451
– Interest income – bank balances	5	(2)	(2)	(3)
– Depreciation of property, plant and equipment	6	264	338	432
– Gain on disposal of property, plant and equipment	5	–	(3)	–
		2,175	1,942	2,542
Changes in working capital				
– Trade and other receivables		(382)	(1,613)	(3,098)
– Inventories		(9)	9	(4)
– Trade and other payables		874	237	77
Cash generated from/(used in) operations		2,658	575	(483)
Income tax paid		(298)	(502)	(401)
Interest received		2	2	3
Net cash provided/(used in) by operating activities		2,362	75	(881)
Cash flows from investing activities				
Additions to property, plant and equipment	11	(1,002)	(599)	(506)
Proceeds from disposal of property, plant and equipment		–	11	–
Net cash used in investing activities		(1,002)	(588)	(506)
Net increase/(decrease) in cash and bank balances		1,360	(513)	(1,387)
Cash and bank balances				
Beginning of financial year		1,010	2,370	1,857
End of financial year		**2,370**	**1,857**	**470**

The accompanying notes form an integral part of these financial statements

Shwe Lay Ta Gun Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

Shwe Lay Ta Gun Travels & Tours Company Limited (the "Company") is incorporated and domiciled in Myanmar. The address of its registered office is in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township.

The principal activities of the Company are those relating to the business of providing hot-air balloon services in Myanmar.

Pursuant to the restructuring of the interests of the Vendors (as defined in the Circular) in relation to the Memories Businesses (as defined in the Circular), the Company's immediate holding corporation has been changed from Chindwin Holdings Pte. Ltd. to MM (BOB) Pte. Ltd. (a wholly-owned subsidiary corporation of MM Myanmar Pte. Ltd.) and ultimate holding corporation is Yoma Strategic Holdings Ltd. which is incorporated in Singapore and listed on the Mainboard of the SGX-ST.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2015, 2016 and 2017

On 1 April 2014, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of the new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the financial years ended 31 March 2015, 2016 and 2017 or prior financial years.

2 Significant accounting policies (continued)

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company activities. Sales are presented net of value-added tax, rebates and discounts.

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

(a) Rendering of services – Hot-air balloon

Revenue from rendering of services are recognised in the period in which the services are rendered.

(b) Sale of goods – Merchandises

Revenue from sale of goods are recognised when the goods are delivered to the customers.

(c) Interest income

Interest income are recognised using the effective interest method.

2.3 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs of a self-constructed asset include material costs, labour costs and other direct costs used in the construction of the asset. Other costs such as start-up costs, administration and other general overhead costs, advertising and training costs are excluded and expensed as incurred.

2 Significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

(b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Renovation, furniture and office equipment	3-5 years
Motor vehicles	5 years
Hot-air balloons and equipment	6 years
Buildings	10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “Other income/(loss) – net”.

2 Significant accounting policies (continued)

2.4 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.5 Financial assets

(a) Classification

The Company classifies its financial assets in the category of loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

2 Significant accounting policies (continued)

2.5 Financial assets (continued)

(a) Classification (continued)

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 are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables (Note 9) and "cash and bank balances" on the statements of financial position.

(b) Recognition and derecognition

Regular way of purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(e) Impairment

The Company assessed at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

2 Significant accounting policies (continued)

2.5 Financial assets (continued)

(e) Impairment (continued)

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior period.

2.6 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.8 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2 Significant accounting policies (continued)

2.9 Operating leases

When the Company is the lessee:

The Company leases offices under operating leases from related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in profit or loss when incurred.

2.10 Inventories

Inventories consist of merchandises and souvenirs which are purchased for the purpose of sale in the ordinary course of business.

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Costs include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of purchase comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The amount of any write-down of inventories to net realisable value shall be recognised as an expense in the period the write-down occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.11 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction.

2 Significant accounting policies (continued)

2.11 Income taxes (continued)

A deferred income tax liability is recognised on temporary differences where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2.12 Provisions

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.13 Employee compensation

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

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Social Security Board on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

2 Significant accounting policies (continued)

2.13 Employee compensation (continued)

(b) Bonus plan

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.14 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar, which is the functional currency of the Company and all values have been rounded to the nearest thousand (US$'000) unless otherwise stated.

(b) Transactions and balances

Transactions denominated in a currency other than functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates at reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when fair values are determined.

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the statements of financial position.

2.16 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 amount.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertain tax positions

The Company is subject to income taxes in Myanmar jurisdiction. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at the tax jurisdiction.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated 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 recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The amount of income tax expense is disclosed in Note 8.

4 Revenue

	2015 US$'000	2016 US$'000	2017 US$'000
Rendering of services – Hot-air balloon	5,756	5,780	6,079
Sale of goods – Merchandises	83	103	77
	5,839	5,883	6,156

5 Other income – net

	2015 US$'000	2016 US$'000	2017 US$'000
Interest income – bank balances	2	2	3
Gain on disposal of property, plant and equipment	–	3	–
Currency translation gain, net	182	254	149
Others	22	37	55
	206	296	207

Shwe Lay Ta Gun Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

6 Expenses by nature

	2015 US$'000	2016 US$'000	2017 US$'000
Advertisement and marketing	60	40	46
Bank charges	62	77	87
Depreciation of property, plant and equipment (Note 11)	264	338	432
Employee compensation (Note 7)	1,712	1,970	1,683
Hot-air balloon operating costs	987	1,063	1,071
Purchases of inventories	600	478	414
Professional fees	8	97	95
Rental expenses on operating leases	148	165	175
Travelling expenses	129	131	99
Changes in inventories	9	(9)	4
Others	153	220	144
Total cost of sales, administrative and distribution and marketing expenses	4,132	4,570	4,250

7 Employee compensation

	2015 US$'000	2016 US$'000	2017 US$'000
Wages and salaries	1,370	1,411	1,223
Employer's contribution to defined contribution plans	37	189	160
Other short-term benefits	305	370	300
	1,712	1,970	1,683

Shwe Lay Ta Gun Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

8 Income tax expense

	2015 US$'000	2016 US$'000	2017 US$'000
Tax expense attributable to profit or loss is made up of:			
– Profit for the financial year – current income tax – Myanmar	478	402	528
– Over-provision of current income tax in prior financial years	(8)	(5)	(77)
	470	397	451

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the Myanmar local standard rate of income tax as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Profit before income tax	1,913	1,609	2,113
Tax calculated at a tax rate of 25%	478	402	528
Effects of:			
– Over-provision in prior financial years	(8)	(5)	(77)
	470	397	451

9 Trade and other receivables

	2015 US$'000	2016 US$'000	2017 US$'000
Trade receivables – Non-related parties	60	165	245
Non-trade receivables			
– Non-related parties	45	80	101
– Ultimate holding corporation	1,154	2,123	4,819
– Fellow subsidiary corporations	139	661	1,898
	1,338	2,864	6,818
Deposits	29	27	27
Prepayments	215	199	154
	1,642	3,255	7,244

9 Trade and other receivables (continued)

Non-trade receivables from ultimate holding corporation and fellow subsidiary corporations are interest-free, unsecured and are receivable on demand.

Included in the non-trade receivables from fellow subsidiary corporations is an amount receivable from a fellow a subsidiary corporation, Chindwin Investments Limited ("CIL") of US$891,000 for the sale of property, plant and equipment (Note 11).

10 Inventories

	2015 US$'000	2016 US$'000	2017 US$'000
Merchandises and souvenirs	91	82	86

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US$609,000, US$469,000 and US$418,000 for the financial years ended 31 March 2015, 2016 and 2017 respectively.

Shwe Lay Ta Gun Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

11 Property, plant and equipment

	Renovation, furniture and office equipment US$'000	Motor vehicles US$'000	Hot-air balloons and equipment US$'000	Buildings US$'000	Construction in progress US$'000	Total US$'000
2015						
Cost						
Beginning of financial year	144	228	1,161	28	543	2,104
Additions	72	107	523	–	300	1,002
Disposal	–	(3)	–	–	–	(3)
End of financial year	216	332	1,684	28	843	3,103
Accumulated depreciation						
Beginning of financial year	43	46	653	2	–	744
Depreciation charge (Note 6)	48	50	165	1	–	264
Disposal	–	(3)	–	–	–	(3)
End of financial year	91	93	818	3	–	1,005
Net book value						
End of financial year	125	239	866	25	843	2,098

Shwe Lay Ta Gun Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

11 Property, plant and equipment (continued)

	Renovation, furniture and office equipment US$'000	Motor vehicles US$'000	Hot-air balloons and equipment US$'000	Buildings US$'000	Construction in progress US$'000	Total US$'000
2016						
Cost						
Beginning of financial year	216	332	1,684	28	843	3,103
Additions	36	109	433	–	21	599
Write off	–	–	(307)	–	–	(307)
Disposal	–	(22)	–	–	–	(22)
End of financial year	252	419	1,810	28	864	3,373
Accumulated depreciation						
Beginning of financial year	91	93	818	3	–	1,005
Depreciation charge (Note 6)	60	67	210	1	–	338
Write off	–	–	(307)	–	–	(307)
Disposal	–	(14)	–	–	–	(14)
End of financial year	151	146	721	4	–	1,022
Net book value						
End of financial year	101	273	1,089	24	864	2,351

Shwe Lay Ta Gun Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

11 Property, plant and equipment (continued)

	Renovation, furniture and office equipment US$'000	Motor vehicles US$'000	Hot-air balloons and equipment US$'000	Buildings US$'000	Construction in progress US$'000	Total US$'000
2017						
Cost						
Beginning of financial year	252	419	1,810	28	864	3,373
Additions	18	201	276	6	5	506
Disposal	–	–	–	(28)	(869)	(897)
End of financial year	270	620	2,086	6	–	2,982
Accumulated depreciation						
Beginning of financial year	151	146	721	4	–	1,022
Depreciation charge (Note 6)	57	100	273	2	–	432
Disposal	–	–	–	(6)	–	(6)
End of financial year	208	246	994	–	–	1,448
Net book value						
End of financial year	62	374	1,092	6	–	1,534

11 Property, plant and equipment (continued)

On 31 March 2017, the Company entered into an agreement with CIL, a fellow subsidiary corporation wherein the Company agreed to transfer and assign all of its interest in certain plots of land classified as buildings and construction in progress to CIL at net book value totalling to US$891,000.

12 Other payables

	2015 US$'000	2016 US$'000	2017 US$'000
Non-trade payables			
– Immediate holding corporation	1,926	1,995	2,140
Accrued operating expenses	386	402	438
Customers' deposits	286	438	334
Dividends payable	–	–	3,000
	2,598	2,835	5,912

Non-trade payables to immediate holding corporation are unsecured, interest-free and are payable on demand.

13 Share capital

	2015 US$'000	2016 US$'000	2017 US$'000
Beginning of financial year	31	31	31
Shares issued	–	–	144
End of financial year	31	31	175

As at 31 March 2015 and 2016, the Company's share capital comprises fully paid 200 ordinary shares with par value of Kyat 100,000 per share, amounting to approximately US$31,000 (equivalent to Kyat 20,000,000) respectively. There is no movement in the share capital of the Company for the financial years ended 31 March 2015 and 2016.

On 31 March 2017, the Company issued 800 and 1,160 ordinary share respectively with par value of Kyat 100,000 per share for a total consideration of approximately US$144,000 (equivalent to Kyat 196,000,000) as partial settlement of dividends declared. The newly issued shares rank pari passu in all respects with the previously issued shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

14 Dividends

	2015 US$'000	2016 US$'000	2017 US$'000
Ordinary dividends			
– First interim dividends in respect of financial year ended 31 March 2017 of US$15,000 per share	–	–	3,000
– Second interim dividends in respect of financial year ended 31 March 2017 of US$66.67 per share	–	–	144
	–	–	3,144

15 Financial risk management

Financial risk factors

The Company's activities exposed it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company primarily operates in Myanmar and is exposed to currency risk when transactions are denominated in foreign currencies, such as Singapore Dollar ("SGD") and Myanmar Kyat ("Kyat"). The Company manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts when they are available. At the reporting date, the Company has not entered into any currency forward contracts.

Shwe Lay Ta Gun Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

15 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	USD US$'000	SGD US$'000	Kyat US$'000	Others US$'000	Total US$'000
2015					
Financial assets					
Cash and bank balances	2,293	–	50	27	2,370
Trade and other receivables	1,422	4	1	–	1,427
	3,715	4	51	27	3,797
Financial liabilities					
Other payables	(609)	(1,651)	(52)	–	(2,312)
Net financial assets/(liabilities)	3,106	(1,647)	(1)	27	1,485
Add: Net non-financial assets	1,515	–	125	–	1,640
Currency profile including non-financial assets and liabilities	4,621	(1,647)	124	27	3,125
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(1,647)	(1)	27	(1,621)

15 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	USD US$'000	SGD US$'000	Kyat US$'000	Others US$'000	Total US$'000
2016					
Financial assets					
Cash and bank balances	1,807	–	42	8	1,857
Trade and other receivables	2,902	4	150	–	3,056
	4,709	4	192	8	4,913
Financial liabilities					
Other payables	(500)	(1,843)	(54)	–	(2,397)
Net financial assets/(liabilities)	4,209	(1,839)	138	8	2,516
Add: Net non-financial assets	1,210	–	611	–	1,821
Currency profile including non-financial assets and liabilities	5,419	(1,839)	749	8	4,337
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(1,839)	138	8	(1,693)

Shwe Lay Ta Gun Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

15 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	USD US$'000	SGD US$'000	Kyat US$'000	Others US$'000	Total US$'000
2017					
Financial assets					
Cash and bank balances	356	–	75	39	470
Trade and other receivables	7,090	–	–	–	7,090
	7,446	–	75	39	7,560
Financial liabilities					
Other payables	(3,597)	(1,838)	(132)	(11)	(5,578)
Net financial assets/(liabilities)	3,849	(1,838)	(57)	28	1,982
Add: Net non-financial assets	836	–	181	–	1,017
Currency profile including non-financial assets and liabilities	4,685	(1,838)	124	28	2,999
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(1,838)	(57)	28	(1,867)

15 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the Kyat and SGD change against USD by 6%, 11% and 13% and 9%, 2% and 3% for the financial years ended 31 March 2015, 2016 and 2017 respectively, with all other variables, including tax rate being held constant, the effects arising from the net financial assets/liabilities position on the Company's net results will be as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Increase/(Decrease)			
Kyat against USD			
– strengthened	–*	11	(58)
– weakened	–*	(11)	58
SGD against USD			
– strengthened	(111)	(28)	(42)
– weakened	111	28	42

–* Amount less than US$1,000

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flow are substantially independent of changes in market interest rates. The Company has no significant interest rate risk as its financial assets and liabilities are non-interest bearing.

15 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash and bank balances and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties. The Company has significant concentration of credit risk relating to non-trade receivables from ultimate holding corporation and fellow subsidiary corporations.

As the Company does 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.

As at 31 March 2015, 2016 and 2017, trade receivables of the Company comprise 1 debtor that individually represented 55%, 82% and 100% respectively of trade receivables at each reporting date.

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

	2015 US$'000	2016 US$'000	2017 US$'000
By geographical area			
Thailand	11	28	29
Myanmar	233	878	2,215
Singapore	1,154	2,123	4,819
	1,398	3,029	7,063

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with bank with high credit-ratings. Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

15 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Past due less than 3 months	11	26	14
Past due 3 to 6 months	–	2	15

Management has assessed that no allowance for impairment is required for trade receivables past due as there is no indication that these past due trade receivables will default on their payment based on historical transactions with the customers.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Company to meet its financial obligations, measured by the working capital ratio.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and is dependent on the continuing financial support from its ultimate holding corporation. Financial liabilities of the Company as at 31 March 2015, 2016 and 2017 of US$2,312,000, US$2,397,000 and US$5,578,000 respectively are due within one year.

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

15 Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk (continued)

Management monitors capital based on working capital ratio. The Company is not required by the banks to maintain certain capital requirement. The Company's strategies are to maintain a working capital ratio not lower than 1.

The working capital ratio is calculated as current assets divided by current liabilities.

	2015 US$'000	2016 US$'000	2017 US$'000
Current assets	4,103	5,194	7,800
Current liabilities	3,076	3,208	6,335
Working capital ratio	1.33	1.62	1.23

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2015, 2016 and 2017.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position except for following:

	2015 US$'000	2016 US$'000	2017 US$'000
Loans and receivables	3,797	4,913	7,560
Financial liabilities at amortised cost	2,312	2,397	5,578

Shwe Lay Ta Gun Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

16 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the company and related parties at terms agreed between the parties.

(a) Sales and purchase of goods and services and other transactions

	2015 US$'000	2016 US$'000	2017 US$'000
Rendering of hot-air balloon service to a related party	–	–	3
Rental fee charged by a fellow subsidiary corporation	108	92	89

Related parties are entities with common direct or indirect shareholders and/or directors or management. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Outstanding balances as at 31 March 2017, 2016 and 2015, arising from the above transactions, are unsecured and receivables/payables within 12 months from reporting date and are disclosed in Notes 9 and 12 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Wages and salaries	183	150	63

Shwe Lay Ta Gun Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

17 Commitments

Operating lease commitment – where the Company is a lessee.

The Company leases offices from related parties. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Not later than one year	124	124	124
Between one and five years	314	190	57
	438	314	181

18 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2017 or later periods and which the Company has not early adopted. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on Company's financial statements.

19 Authorisation of financial statements

These financial statements have been prepared solely for inclusion in the Circular of SHC Capital Asia Limited and were authorised for issue by the Director of the Company on 20 November 2017.

The Board of Directors
Chindwin Investments Limited
The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate,
Hlaing Thayar Township, Yangon 11401, Myanmar

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANTS' REPORT ON THE AUDITED FINANCIAL STATEMENTS OF CHINDWIN INVESTMENTS LIMITED FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 2016 AND 2017

Opinion

We have audited the accompanying financial statements of Chindwin Investments Limited (the "Company") which comprise the statements of financial position of the Company as at 31 March 2015, 2016 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial years ended 31 March 2015, 2016 and 2017, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages G-4 to G-25.

In our opinion, the accompanying financial statements are properly drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2015, 2016 and 2017, and of the financial performance, changes in equity and cash flows of the Company for the financial years ended on 31 March 2015, 2016 and 2017.

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 Company 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.

Responsibilities of Management and Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We communicate with the director 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.

Restriction on Distribution and Use

This report has been prepared solely for inclusion in the circular to the shareholders (the "Circular") of SHC Capital Asia Limited to be issued in connection with the proposed acquisition of MM Myanmar Pte. Ltd. by SHC Capital Asia Limited, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and for no other purpose or party.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Meriana Ang Mei Ling

Singapore
20 November 2017

Chindwin Investments Limited
Statements of Comprehensive Income
For the financial years ended 31 March 2015, 2016 and 2017

	Note	2015 US$'000	2016 US$'000	2017 US$'000
Other (loss)/income-net	3	(2)	60	121
Administrative expenses	4	(45)	(6)	(517)
(Loss)/profit before income tax		(47)	54	(396)
Income tax expense	6	–	–	–
Total comprehensive (loss)/income, representing net (loss)/profit		(47)	54	(396)

The accompanying notes form an integral part of these financial statements

Chindwin Investments Limited
Statements of Financial Position
As at 31 March 2015, 2016 and 2017

	Note	2015 US$'000	2016 US$'000	2017 US$'000
ASSETS				
Current assets				
Cash and bank balances		–*	–*	–*
Development properties	7	6,663	6,663	6,666
		6,663	6,663	6,666
Non-current assets				
Property, plant and equipment	8	–	–	891
Investments in subsidiary corporations	9	381	381	381
Total assets		7,044	7,044	7,938
LIABILITIES				
Current liabilities				
Other payables	10	7,039	6,985	8,275
Total liabilities		7,039	6,985	8,275
Net assets/(liabilities)		5	59	(337)
EQUITY				
Share capital	11	52	52	52
(Accumulated losses)/retained profits		(47)	7	(389)
Total equity		5	59	(337)

–* Amount less than US$1,000

The accompanying notes form an integral part of these financial statements

Chindwin Investments Limited
Statements of Changes in Equity
For the financial years ended 31 March 2015, 2016 and 2017

	Share capital US$'000	(Accumulated losses)/retained profits[#] US$'000	Total equity US$'000
2015			
Beginning of financial year	52	–	52
Total comprehensive loss	–	(47)	(47)
End of financial year	52	(47)	5
2016			
Beginning of financial year	52	(47)	5
Total comprehensive income	–	54	54
End of financial year	52	7	59
2017			
Beginning of financial year	52	7	59
Total comprehensive loss	–	(396)	(396)
End of financial year	52	(389)	(337)

Retained profits of the Company are fully distributable

The accompanying notes form an integral part of these financial statements

Chindwin Investments Limited
Statements of Cash Flows
For the financial years ended 31 March 2015, 2016 and 2017

	2015 US$'000	2016 US$'000	2017 US$'000
Cash flows from operating activities			
Net (loss)/profit	(47)	54	(396)
Change in working capital			
– Other payables	47	(54)	396
Net cash provided by operating activities	–	–	–
Net increase in cash and bank balances	–	–	–
Cash and bank balances			
Beginning of financial year	–*	–*	–*
End of financial year	–*	–*	–*

– * Amount less than US$1,000

The accompanying notes form an integral part of these financial statements

Chindwin Investments Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

The Company is incorporated and domiciled in Myanmar. The address of its registered office is in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar

The principal activities of the Company are those relating to the business of a travel, leisure and/or attractions business in Bagan, Myanmar.

Pursuant to the restructuring of the interests of the Vendors (as defined in the Circular) in relation to the Memories Businesses (as defined in the Circular), the Company's immediate holding corporation has been changed from Chindwin Holdings Pte. Ltd to MM (BL) Pte. Ltd. (a wholly-owned subsidiary corporation of MM Myanmar Pte. Ltd.) and ultimate holding corporation is Yoma Strategic Holdings Ltd. which is incorporated in Singapore and listed on the Mainboard of the SGX-ST.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Exemption from preparing consolidated financial statements

These financial statements are the separate financial statements of Chindwin Investments Limited. The Company is exempted from the requirement to prepare consolidated financial statements with the consent from its non-controlling interests as the Company is a subsidiary corporation of Yoma Strategic Holdings Ltd., a Singapore-incorporated company which produces consolidated financial statements available for public use. The registered office of Yoma Strategic Holdings Ltd. where those consolidated financial statements can be obtained is as follows: 78 Shenton Way, #32-00 Singapore 079120.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2015, 2016 and 2017

On 1 April 2014, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of the new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the financial years ended 31 March 2015, 2016 and 2017 or prior financial years.

2.2 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs of a self-constructed asset include material costs, labour costs and other direct costs used in the construction of the asset. Other costs such as start-up costs, administration and other general overhead costs, advertising and training costs are excluded and expensed as incurred.

(b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings	10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

2 Significant accounting policies (continued)

2.2 Property, plant and equipment (continued)

(b) Depreciation (continued)

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of them item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income/(loss) – net".

2.3 Impairment of non-financial assets

Property, plant and equipment and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial years.

2 Significant accounting policies (continued)

2.3 Impairment of non-financial assets (continued)

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.4 Financial assets

(a) Classification

The Company classifies its financial assets in the category of loan and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "cash and bank balances" on the statements of financial position.

(b) Recognition and derecognition

Regular way of purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

2 Significant accounting policies (continued)

2.4 Financial assets (continued)

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(e) Impairment

The Company assessed at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior period.

2.5 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

2 Significant accounting policies (continued)

2.6 Other payables (continued)

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.7 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.8 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2 Significant accounting policies (continued)

2.9 Provisions

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.10 Employee compensation

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

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Social Security Board on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Bonus plan

The Company recognises a liability and an expense for bonuses, based on formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.11 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The financial statements of the Company for the financial years ended 31 March 2015, 2016 and 2017 were previously measured and presented in Myanmar Kyat ("Kyat"). The Company changed its functional currency from Kyat to United States Dollar ("US$") on 1 April 2016. It is for better communication in financial reporting. With the change in functional currency from Kyat to US$, the Company has represented its financial statements in US$, which is accounted for retrospectively in accordance with FRS 8 *Accounting policies, Changes in Accounting Estimates and Errors*.

2 Significant accounting policies (continued)

2.11 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the statements of financial position.

2.13 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.

2.14 Development properties

Development properties refer to properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Company's own use, rental or capital appreciation.

Development properties that are unsold are carried at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity.

2 Significant accounting policies (continued)

2.14 Development properties (continued)

Borrowing costs that are directly attributable to the acquisition and development of the development property are capitalised as part of development property during the period of development.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less estimated costs of completion and the estimated costs necessary to make the sale.

Sales of development properties under construction in respect of sale and purchase agreements are entered into prior to completion of construction are recognised when the properties are delivered to the buyer, except for in cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses.

The stage of completion is measured by reference to the ratio of contract costs incurred to date to the estimated total contract costs for the contract. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as expense immediately.

The aggregate costs incurred and the profit/loss recognised in each development property that has been sold are compared against progress billings up to the financial year-end. Where the costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as unbilled revenue under “trade and other receivables”. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on development projects, under “trade and other payables”.

2.15 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company’s statements of financial position. On disposal of investments in subsidiary corporations, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit and loss.

3 Other (loss)/income-net

	2015 US$’000	2016 US$’000	2017 US$’000
Currency translation (loss)/gain, net	(2)	60	121

Chindwin Investments Limited
Notes to the Financial Statements
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4 Expenses by nature

	2015 US$'000	2016 US$'000	2017 US$'000
Professional fees	29	1	–
Repair and maintenance	–	1	–
Employee compensation (Note 5)	3	3	514
Transport and travelling expenses	11	–	1
Others	2	1	2
Total administrative expenses	45	6	517

5 Employee compensation

	2015 US$'000	2016 US$'000	2017 US$'000
Wages and salaries	3	3	452
Employer's contribution to defined contribution plans	–	–	1
Other short-term benefits	–	–	61
	3	3	514

6 Income tax expense

The tax on the Company's (loss)/profit before income tax differs from the theoretical amount that would arise using the Myanmar local standard rate of income tax as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
(Loss)/profit before income tax	(47)	54	(396)
Tax calculated at a tax rate of 25%	(12)	14	(99)
Effects of:			
– Deferred income tax assets not recognised	12	–	99
– Utilisation of previously unrecognised tax losses	–	(12)	–
– Others	–	(2)	–
Tax charge	–	–	–

6 Income tax expense (continued)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits are probable.

The Company has unrecognised tax losses of US$47,000 and US$396,000 as at 31 March 2015 and 2017 respectively, available for the set-off against future taxable income, subject to compliance with the Income Tax Law and the approval of the Comptroller of Income Tax. These tax losses amounting to US$396,000 will expire in 2022.

7 Development properties

	2015 US$'000	2016 US$'000	2017 US$'000
Beginning of financial year	–	6,663	6,663
Additions	6,663	–	3
End of financial year	6,663	6,663	6,666

8 Property, plant and equipment

	Buildings US$'000	Construction in progress US$'000	Total US$'000
2017			
Cost			
Beginning of financial year	–	–	–
Additions	22	869	891
End of financial year	22	869	891
Accumulated depreciation			
Beginning of financial year	–	–	–
Depreciation charge	–	–	–
End of financial year	–	–	–
Net book value			
End of financial year	22	869	891

On 31 March 2017, the Company entered into an agreement with Shwe Lay Ta Gun Travels & Tours Company Limited ("SLTG"), a fellow subsidiary corporation wherein SLTG agreed to transfer and assigned of all of its interest in certain plots of land classified as buildings and construction in progress to the Company at net book value.

Chindwin Investments Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

9 Investments in subsidiary corporations

	2015	2016	2017
	US$'000	US$'000	US$'000
Equity investment at cost			
Beginning and end of financial year	381	381	381

Details of the subsidiary corporations are as follows:

Name	Principal activity	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company			Proportion of ordinary shares directly held by the non-controlling interests		
			2015	2016	2017	2015	2016	2017
			%	%	%	%	%	%
Chindwin Bagan Company Limited[1]	Tourism	Myanmar	75	75	100	25	25	–
Chindwin Pindaya Company Limited[1]	Tourism	Myanmar	75	75	100	25	25	–

(1) Audited by Zaw Lwin & Associates Certified Public Accountants & Auditors, Myanmar for local statutory purposes.

10 Other payables

	2015	2016	2017
	US$'000	US$'000	US$'000
Non-trade payables			
– Ultimate holding corporation	12	16	416
– Immediate holding corporation	6,607	6,587	6,565
– Subsidiary corporations	381	343	304
– Fellow subsidiary corporation	–	–	891
– Related parties	12	12	13
	7,012	6,958	8,189
Accrued operating expenses	27	27	86
	7,039	6,985	8,275

Non-trade payables to ultimate holding corporation, immediate holding corporation, subsidiary corporations, fellow subsidiary corporation and related parties are unsecured, interest-free and are payable on demand.

Non-trade payables to a fellow subsidiary corporation as at 31 March 2017 of US$891,000 are due to SLTG in relation to the purchase of property, plant and equipment (Note 8).

Chindwin Investments Limited
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For the financial years ended 31 March 2015, 2016 and 2017

11 Share capital

As at 31 March 2015, 2016 and 2017, the Company's share capital comprises fully paid 50,000 ordinary shares with par value of Kyat 1,000 per share, amounting to approximately US$52,000 (Kyat 50,000,000) respectively. There is no movement in the share capital of the Company for the financial years then ended.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

12 Financial risk management

Financial risk factors

The Company activities exposed it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company primarily invests in Myanmar and is exposed to currency risk when transactions are denominated in foreign currencies, such as Singapore Dollars ("SGD") and Myanmar Kyat ("Kyat"). The Company manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts when they are available. At the reporting date, the Company has not entered into any currency forward contracts.

The Company's currency exposure based on the information provided to key management is as follows:

	Kyat US$'000	USD US$'000	Total US$'000
2015			
Financial liabilities			
Other payables	(427)	(6,612)	(7,039)
Add: Net non-financial assets and liabilities	–	7,044	7,044
Currency profile including non-financial liabilities and assets	(427)	432	5
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	(427)	–	(427)

12 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	Kyat US$'000	USD US$'000	Total US$'000
2016			
Financial liabilities			
Other payables	(393)	(6,592)	(6,985)
Add: Net non-financial assets and liabilities	–	7,044	7,044
Currency profile including non-financial liabilities and assets	(393)	452	59
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	(393)	–	(393)

	Kyat US$'000	USD US$'000	Total US$'000
2017			
Financial liabilities			
Other payables	(423)	(7,852)	(8,275)
Add: Net non-financial assets and liabilities	–	7,938	7,938
Currency profile including non-financial liabilities and assets	(423)	86	(337)
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	(423)	–	(423)

12 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the Kyat changes against USD by 3%, 13% and 13% for the financial years ended 31 March 2015, 2016 and 2017 respectively, with all other variables, including tax rates being held constant, the effects arising from the net financial liabilities position will be as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Increase/(Decrease)			
Kyat against USD			
– strengthened	(10)	(38)	(41)
– weakened	10	38	41

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flow are substantially independent of changes in market interest rates. The Company has no interest rate risk as its financial assets and liabilities are non-interest bearing.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash and bank balances and other receivables. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties. The Company has significant concentration of credit risk relating to non-trade receivables from related parties.

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

12 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with bank with high credit-ratings. Non-trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Company to meet its financial obligations, measured by the working capital ratio.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and is dependent on the continuing financial support from its ultimate holding corporation. Financial liabilities of the Company as at 31 March 2015, 2016 and 2017 of US$7,039,000, US$6,985,000 and US$8,275,000 respectively, are due within one year.

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on working capital ratio. The Company is not required by the banks to maintain certain capital requirement. The Company's strategies are to maintain a working capital ratio not lower than 1.

12 Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk (continued)

The working capital ratio is calculated as current assets divided by current liabilities.

	2015 US$'000	2016 US$'000	2017 US$'000
Current assets	6,663	6,663	6,666
Current liabilities	7,039	6,985	8,275
Working capital ratio	0.95	0.95	0.81

Despite the Company's working capital ratio is lower than 1, the Company will be able to remain as going concern in view of the continuing financial support from its ultimate holding corporation.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2015, 2016 and 2017.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position except for following:

	2015 US$'000	2016 US$'000	2017 US$'000
Financial liabilities at amortised cost	7,039	6,985	8,275

13 Related party transactions

There is no remuneration paid and/or payable to the key management personnel for the financial years ended 31 March 2015, 2016 and 2017.

14 Events occurring after balance sheet date

On 1 April 2017, the Company disposed its entire interest in Chindwin Bagan Company Limited and Chindwin Pindaya Company Limited for a total consideration of US$381,000 to a fellow subsidiary corporation, Yoma Venture Company Limited.

15 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2017 or later periods and which the Company has not early adopted. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on Company's financial statements.

16 Authorisation of financial statements

These financial statements have been prepared solely for inclusion in the Circular of SHC Capital Asia Limited and were authorised for issue by the Director of the Company on 20 November 2017.

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The Board of Directors
Traditional Lodge Hotel Company Limited
The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate,
Hlaing Thayar Township, Yangon 11401, Myanmar

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANTS' REPORT ON THE AUDITED FINANCIAL STATEMENTS OF TRADITIONAL LODGE HOTEL COMPANY LIMITED FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 2016 AND 2017

Opinion

We have audited the accompanying financial statements of Traditional Lodge Hotel Company Limited (the "Company") which comprise the statements of financial position as at 31 March 2015, 2016 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial years ended 31 March 2015, 2016 and 2017, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages H-4 to H-32.

In our opinion, the accompanying financial statements are properly drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2015, 2016 and 2017, and of the financial performance, changes in equity and cash flows of the Company for the financial years ended on 31 March 2015, 2016 and 2017.

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 Company 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.

Responsibilities of Management and Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We communicate with the director 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.

Restriction on Distribution and Use

This report has been prepared solely for inclusion in the circular to the shareholders (the "Circular") of SHC Capital Asia Limited to be issued in connection with the proposed acquisition of MM Myanmar Pte. Ltd. by SHC Capital Asia Limited, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and for no other purpose or party.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Meriana Ang Mei Ling

Singapore
20 November 2017

Traditional Lodge Hotel Company Limited
Statements of Comprehensive Income
For the financial years ended 31 March 2015, 2016 and 2017

	Note	2015 US$'000	2016 US$'000	2017 US$'000
Revenue	4	133	538	688
Cost of sales		(116)	(443)	(586)
Gross profit		17	95	102
Other loss – net	5	(30)	(1)	(1)
Administrative expenses		(196)	(87)	(192)
(Loss)/profit before income tax		(209)	7	(91)
Income tax expense	8	–	–	–
Total comprehensive (loss)/income, representing net (loss)/profit		**(209)**	**7**	**(91)**

The accompanying notes form an integral part of these financial statements

Traditional Lodge Hotel Company Limited
Statements of Financial Position
As at 31 March 2015, 2016 and 2017

	Note	2015 US$'000	2016 US$'000	2017 US$'000
ASSETS				
Current assets				
Cash and bank balances		53	176	122
Trade and other receivables	9	126	81	83
Inventories	10	9	22	19
		188	279	224
Non-current assets				
Property, plant and equipment	11	1,404	1,439	1,312
Total assets		1,592	1,718	1,536
LIABILITIES				
Current liabilities				
Trade and other payables	12	35	80	109
Non-current liabilities				
Loans from shareholders	13	1,727	1,801	1,681
Total liabilities		1,762	1,881	1,790
Net liabilities		(170)	(163)	(254)
EQUITY				
Share capital	14	49	49	49
Accumulated losses		(219)	(212)	(303)
Total equity		(170)	(163)	(254)

The accompanying notes form an integral part of these financial statements

Traditional Lodge Hotel Company Limited
Statements of Changes in Equity
For the financial years ended 31 March 2015, 2016 and 2017

	Share capital US$'000	Accumulated losses US$'000	Total equity US$'000
2015			
Beginning of financial year	49	(10)	39
Total comprehensive loss	–	(209)	(209)
End of financial year	49	(219)	(170)
2016			
Beginning of financial year	49	(219)	(170)
Total comprehensive income	–	7	7
End of financial year	49	(212)	(163)
2017			
Beginning of financial year	49	(212)	(163)
Total comprehensive loss	–	(91)	(91)
End of financial year	49	(303)	(254)

The accompanying notes form an integral part of these financial statements

Traditional Lodge Hotel Company Limited
Statements of Cash Flows
For the financial years ended 31 March 2015, 2016 and 2017

	Note	2015 US$'000	2016 US$'000	2017 US$'000
Cash flows from operating activities				
Net (loss)/profit		(209)	7	(91)
Adjustments for:				
– Depreciation of property, plant and equipment	6	54	159	174
– Loss on disposal of property, plant and equipment	5	–	2	1
		(155)	168	84
Changes in working capital				
– Trade and other receivables		23	45	(2)
– Trade and other payables		35	45	32
– Inventories		(9)	(13)	3
Cash (used in)/generated from operations		(106)	245	117
Income tax paid		–	–	(3)
Net cash (used in)/provided by operating activities		(106)	245	114
Cash flows from investing activities				
Additions to property, plant and equipment	11	(1,270)	(196)	(49)
Proceeds from disposal of property, plant and equipment		–	–*	1
Net cash used in investing activities		(1,270)	(196)	(48)
Cash flows from financing activities				
Loans from shareholders		1,379	74	–
Repayment of loans from shareholders		–	–	(120)
Net cash provided by/(used in) financing activities		1,379	74	(120)
Net increase/(decrease) in cash and bank balances		3	123	(54)
Cash and bank balances				
Beginning of financial year		50	53	176
End of financial year		53	176	122

–* Amount less than US$1,000

The accompanying notes form an integral part of these financial statements

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Traditional Lodge Hotel Company Limited ("the Company") is incorporated and domiciled in Yangon, Myanmar. The address of its registered office is in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar. The address of its principal activities is No. A, Ground Floor, Building-36/38, Grand Myay Nu Condo, Myay Nu Street, Sanchaung Township, Yangon, Myanmar.

The principal activities of the Company are those relating to the business of providing lodge services and sale of goods to room guests in Hpa-An, Kayin State, Myanmar.

Pursuant to the restructuring of the interests of the Vendors (as defined in the Circular) in relation to the Memories Business (as defined in the Circular), MM (HAL) Pte. Ltd. (a wholly-owned subsidiary corporation of MM Myanmar Pte. Ltd.) became the Company's immediate holding corporation and the ultimate holding corporation is Yoma Strategic Holdings Ltd. which is incorporated in Singapore and listed on the Mainboard of the SGX-ST.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2015, 2016 and 2017

On 1 April 2014, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the financial years ended 31 March 2015, 2016 and 2017 or prior financial years.

2. Significant accounting policies (continued)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Revenue are presented, net of value-added tax, rebates and discounts.

(i) Rental of lodges

Revenue from rental of lodges are recognised when lodges are occupied.

(ii) Sale of goods – Food, beverages and merchandises

Revenue from these sales are recognised when the goods are delivered to the customers and the customers have accepted the goods.

2.3 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs of a self-constructed asset include material costs, labour costs and other direct costs used in the construction of the asset. Other costs such as start-up costs, administration and other general overhead costs, advertising and training costs are excluded and expensed as incurred.

(b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	10 years
Buildings and landscaping	10 years
Machinery and equipment	10 years
Furniture and office equipment	5 years
Electrical equipment	20 years
Motor vehicles	5 years

2. Significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

(b) Depreciation (continued)

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income/(loss) – net".

2.4 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as revaluation decrease.

2. Significant accounting policies (continued)

2.4 Impairment of non-financial assets (continued)

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.5 Financial assets

(a) Classification

The Company classifies its financial assets in the category of loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 9) and "cash and bank balances" on the statements of financial position.

(b) Recognition and derecognition

Regular way of purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2. Significant accounting policies (continued)

2.5 Financial assets (continued)

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Company assessed at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

2.6 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.8 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.9 Operating leases

The Company leases office spaces and motor vehicles under operating leases from related and non-related parties respectively.

When the Company is the lessee:

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.10 Inventories

Inventories consists of consumables which are purchased for the purpose of sale and use in the ordinary course of business.

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Costs include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of purchase comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The amount of any write-down of inventories to net realisable value shall be recognised as an expense in the period the write-down occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. Significant accounting policies (continued)

2.11 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2. Significant accounting policies (continued)

2.13 Employee compensation

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

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Social Security Board on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Bonus plan

The Company recognises a liability and an expense for bonuses, based on formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.14 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar, which is the functional currency of the Company and all values have been rounded to the nearest thousand (US$'000) unless otherwise stated.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2. Significant accounting policies (continued)

2.15 Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the statements of financial position.

2.16 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.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Useful lives of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives to be between 5 to 20 years.

The Company reviews the useful lives of property, plant and equipment at each reporting date in accordance with the accounting policies in Note 2.3. The estimation of the useful lives involves significant judgement. The carrying amount of the Company's property, plant and equipment as at 31 March 2015, 2016 and 2017 and the depreciation charge for the financial years then ended are disclosed in Note 11.

If the actual useful lives of these property, plant and equipment are longer or shorter than management's estimates by one year on average, the Company's carrying amount of the property, plant and equipment will be increased by US$6,000, US$22,000 and US$17,000 or decreased by US$7,000, US$28,000 and US$22,000 correspondingly to profit or loss for the financial years ended 31 March 2015, 2016 and 2017.

3 Critical accounting estimates, assumptions and judgements (continued)

(b) Uncertain tax positions

The Company is subject to income taxes in Myanmar jurisdiction. In determining the income tax liabilities, management is required to estimate the deductibility of certain expenses ("uncertain tax positions") at the tax jurisdiction.

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated 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 recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The amount of income tax expense is disclosed in Note 8.

4. Revenue

	2015 US$'000	2016 US$'000	2017 US$'000
Rental of lodges	81	329	426
Sale of goods – Food, beverages and merchandises	52	209	262
	133	538	688

5 Other loss – net

	2015 US$'000	2016 US$'000	2017 US$'000
Loss on disposal of property, plant and equipment	–	(2)	(1)
Currency translation (loss)/gain, net	(30)	1	–
	(30)	(1)	(1)

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

6 Expenses by nature

	2015 US$'000	2016 US$'000	2017 US$'000
Advertisement	1	9	16
Costs of guest amenities	1	6	16
Depreciation of property, plant and equipment (Note 11)	54	159	174
Employee compensation (Note 7)	71	158	191
Legal expenses	–	–	93
Landscaping expenses	–	2	11
Office supplies	125	28	–
Purchase of inventories	32	96	102
Rental expenses on operating leases	8	11	10
Repair and maintenance	1	15	65
Utilities	8	23	29
Changes in inventories	(9)	(13)	3
Other	20	36	68
Total cost of sales and administrative expenses	312	530	778

7 Employee compensation

	2015 US$'000	2016 US$'000	2017 US$'000
Wages and salaries	53	125	164
Employer's contribution to defined contribution plans	2	5	2
Other short-term benefits	16	28	25
	71	158	191

8. Income taxes

The tax on the Company's (loss)/profit before income tax differs from the theoretical amount that would arise using the Myanmar local standard rate of income tax as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
(Loss)/profit before income tax	(209)	7	(91)
Tax calculated at a tax rate of 25%	(52)	2	(23)
Effects of:			
– Deferred income tax asset on temporary differences not recognised	52	–	23
– Utilisation of previously unrecognised tax losses	–	(2)	–
Tax charge	–	–	–

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits are probable. The deferred tax assets have not been recognised in respect of the unrecognised tax losses as there is no certainty that future profits will be available against which the Company can utilise the benefits.

The Company has unrecognised tax losses of US$209,000, US$202,000 and US$293,000 as at 31 March 2015, 2016 and 2017 respectively, available for the set-off against future taxable income, subject to compliance with the Income Tax Law and the approval of the Comptroller of Income Tax. These tax losses amounting to US$202,000 and US$91,000 will expire in 2020 and 2022 respectively.

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

9 Trade and other receivables

	2015 US$'000	2016 US$'000	2017 US$'000
Trade receivables			
– non-related parties	3	34	55
– related parties	5	13	20
	8	47	75
Non-trade receivables			
– non-related parties	99	–	–
– related parties	17	28	–
	116	28	–
Prepayments	2	6	8
	126	81	83

Non-trade receivables from related parties are unsecured, interest-free and are receivable on demand.

10 Inventories

	2015 US$'000	2016 US$'000	2017 US$'000
Consumables	9	22	19

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US$23,000, US$83,000 and US$105,000 for the financial years ended 31 March 2015, 2016 and 2017 respectively.

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

11 Property, plant and equipment

	Leasehold land US$'000	Buildings and landscaping US$'000	Machinery and equipment US$'000	Furniture and office equipment US$'000	Electrical equipment US$'000	Motor vehicles US$'000	Construction in-progress US$'000	Total US$'000
2015								
Cost								
Beginning of financial year	52	4	5	7	–	2	119	189
Additions	–	961	164	120	23	2	–	1,270
Transfer	–	119	–	–	–	–	(119)	–
End of financial year	52	1,084	169	127	23	4	–	1,459
Accumulated depreciation								
Beginning of financial year	–	–	1	–	–	–	–	1
Depreciation charge (Note 6)	–	37	6	9	1	1	–	54
End of financial year	–	37	7	9	1	1	–	55
Net book value								
End of financial year	52	1,047	162	118	22	3	–	1,404

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

11 Property, plant and equipment (continued)

	Leasehold land US$'000	Buildings and landscaping US$'000	Machinery and equipment US$'000	Furniture and office equipment US$'000	Electrical equipment US$'000	Motor vehicles US$'000	Construction in-progress US$'000	Total US$'000
2016								
Cost								
Beginning of financial year	52	1,084	169	127	23	4	–	1,459
Additions	116	12	4	20	–	8	36	196
Disposals	–	–	–	–	–	(2)	–	(2)
End of financial year	168	1,096	173	147	23	10	36	1,653
Accumulated depreciation								
Beginning of financial year	–	37	7	9	1	1	–	55
Depreciation charge (Note 6)	–	112	17	28	1	1	–	159
Disposals	–	–	–	–		–*	–	–*
End of financial year	–	149	24	37	2	2	–	214
Net book value								
End of financial year	168	947	149	110	21	8	36	1,439

–* Amount less than US$1,000.

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

11 Property, plant and equipment (continued)

	Leasehold land US$'000	Buildings and landscaping US$'000	Machinery and equipment US$'000	Furniture and office equipment US$'000	Electrical equipment US$'000	Motor vehicles US$'000	Construction in-progress US$'000	Total US$'000
2017								
Cost								
Beginning of financial year	168	1,096	173	147	23	10	36	1,653
Additions	–	–	5	6	–	–	38	49
Transfer	–	74	–	–	–	–	(74)	–
Write off	–	–*	–	–	–	–	–	–*
Disposals	–	–	–	–*	–	(2)	–	(2)
End of financial year	168	1,170	178	153	23	8	–	1,700
Accumulated depreciation								
Beginning of financial year	–	149	24	37	2	2	–	214
Depreciation charge (Note 6)	8	115	17	30	2	2	–	174
Write off	–	–*	–	–	–	–	–	–*
Disposals	–	–	–	–*	–	–*	–	–*
End of financial year	8	264	41	67	4	4	–	388
Net book value								
End of financial year	160	906	137	86	19	4	–	1,312

–* Amount less than US$1,000

12. Trade and other payables

	2015 US$'000	2016 US$'000	2017 US$'000
Trade payables – non-related parties	3	4	2
Non-trade payables – related parties	1	5	1
Accrued operating expenses	28	63	98
Customers' deposits	3	8	8
	35	80	109

Non-trade payables to related parties are unsecured, interest-free and are payable on demand.

13. Loans from shareholders

The loans are unsecured, interest free and has no fixed term of repayment and settlement of loan is neither planned nor likely to occur in the foreseeable future. The loans form part of the shareholders' investment in the Company.

As the non-current loan from shareholders does not have fixed repayment terms, it is impractical to determine the fair value. The director is of the opinion that the carrying amounts of loans from shareholders approximate their fair values.

14 Share capital

As at 31 March 2015, 2016 and 2017, the Company's share capital comprises fully paid 500 ordinary shares with par value of Kyat 100,000 amounting to approximately US$49,000 (equivalent to Kyat 50,000,000) respectively. There is no movement in the share capital of the Company during the financial years then ended.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

15. Financial risk management

Financial risk factors

The Company's operations exposed it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company primarily operates in Myanmar and is exposed to currency risk when transactions are denominated in foreign currencies, such as Myanmar Kyat ("Kyat"). The Company manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts when they are available. At the reporting date, the Company has not entered into any currency forward contracts.

The Company's currency exposure based on the information provided to key management is as follows:

	USD US$'000	Kyat US$'000	Total US$'000
2015			
Financial assets			
Cash and bank balances	32	21	53
Trade and other receivables	124	–	124
	156	21	177
Financial liabilities			
Trade and other payables	(20)	(12)	(32)
Loans from shareholders	(1,727)	–	(1,727)
	(1,747)	(12)	(1,759)
Net financial (liabilities)/assets	(1,591)	9	(1,582)
Add: Net non-financial assets	1,412	–	1,412
Currency profile including non-financial assets and liabilities	(179)	9	(170)
Currency exposure of financial assets net of those denominated in the Company's functional currency	–	9	9

15. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	USD US$'000	Kyat US$'000	Total US$'000
2016			
Financial assets			
Cash and bank balances	171	5	176
Trade and other receivables	75	–	75
	246	5	251
Financial liabilities			
Trade and other payables	(34)	(38)	(72)
Loans from shareholders	(1,801)	–	(1,801)
	(1,835)	(38)	(1,873)
Net financial (liabilities)/assets	(1,589)	(33)	(1,622)
Add: Net non-financial assets	1,459	–	1,459
Currency profile including non-financial assets and liabilities	(130)	(33)	(163)
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	–	(33)	(33)

15. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	USD US$'000	Kyat US$'000	Other US$'000	Total US$'000
2017				
Financial assets				
Cash and bank balances	113	8	1	122
Trade and other receivables	75	–	–	75
	188	8	1	197
Financial liabilities				
Trade and other payables	(42)	(59)	–	(101)
Loans from shareholders	(1,681)	–	–	(1,681)
	(1,723)	(59)	–	(1,782)
Net financial (liabilities)/assets	(1,535)	(51)	1	(1,585)
Add: Net non-financial assets	1,331	–	–	1,331
Currency profile including non-financial assets and liabilities	(204)	(51)	1	(254)
Currency exposure of financial (liabilities)/ assets net of those denominated in the Company's functional currency	–	(51)	1	(50)

15. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the Kyat changes against USD by 6%, 11% and 13% for the financial year ended 31 March 2015, 2016 and 2017 respectively, with all other variables including tax rate being held constant, the effects arising from the net financial assets/(liabilities) position on the Company's net results will be as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Increase/(Decrease)			
Kyat against USD			
– strengthened	1	(3)	(5)
– weakened	(1)	3	5

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flow are substantially independent of changes in market interest rates. The Company has no significant interest rate risk as its financial assets and liabilities are non-interest bearing.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash and bank balances and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

As the Company does 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.

15. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

At 31 March 2015, 2016 and 2017, trade receivables of the Company comprise 1 debtor, 2 debtors and 2 debtors respectively that individually represented more than 60%, 31%-35% and 26%-27% of trade receivables at each reporting date.

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

	2015 US$'000	2016 US$'000	2017 US$'000
By geographical area			
Myanmar	8	47	74

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with bank with high credit-ratings as determined by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Past due less than 3 months	3	26	73
Past due 3 to 6 months	5	21	1
	8	47	74

Management has assessed that no allowance for impairment is required for trade receivables past due as there is no indication that these past due trade receivables will default on their payment based on historical transactions with the customers.

15. Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Company to meet its financial obligations, measured by the working capital ratio.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and is dependent on the continuing financial support from its shareholders. As at 31 March 2015, 2016 and 2017, financial liabilities of the Company of US$32,000, US$72,000 and US$101,000 respectively are due within one year and loans from shareholders of US$1,727,000, US$1,801,000 and US$1,681,000 respectively have no fixed repayment terms and are not expected to be repaid in near future.

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on working capital ratio. The Company is not required by the banks to maintain certain working capital ratio. The Company's strategies are to maintain a working capital ratio not lower than 1.

The working capital ratio is calculated as current assets divided by current liabilities.

	2015 US$'000	2016 US$'000	2017 US$'000
Current assets	188	279	224
Current liabilities	35	80	109
Working capital ratio	5.37	3.49	2.05

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2015, 2016 and 2017.

15. Financial risk management (continued)

Financial risk factors (continued)

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position except for following:

	2015 US$'000	2016 US$'000	2017 US$'000
Loan and receivables	177	251	197
Financial liabilities at amortised cost	1,759	1,873	1,782

16. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties.

(a) Sales and purchases of goods and services and other transactions

	2015 US$'000	2016 US$'000	2017 US$'000
Rental of lodges to related party	15	54	56
Sale of goods to related party	2	13	15
Salary charged to related party	–	–	17
Short term loan to related party	1	156	23
Rental paid to related party	3	10	10

Related parties are entities with common direct or indirect partner or management. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Outstanding balances as at 31 March 2017, 2016 and 2015, arising from the above transactions, are unsecured and receivables/payables within 12 months from reporting date and are disclosed in Notes 9 and 12 respectively.

16. Related party transactions (continued)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Wages and salaries	22	45	50
Employer's contribution to defined contribution plans	1	1	1
	23	46	51

17 Commitments

Operating lease commitments – where the Company is a lessee.

The Company leases offices from related parties. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Not later than one year	8	6	–
Between one and five years	6	–	–
	14	6	–

18. New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2017 or later periods and which the Company has not early adopted. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on Company's financial statements.

19 Authorisation of financial statements

These financial statements have been solely prepared for inclusion in the Circular of SHC Capital Asia Limited and were authorised for issue by the Director of the Company on 20 November 2017.

The Board of Directors
Asia Holidays Travels & Tours Company Limited
The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate,
Hlaing Thayar Township, Yangon 11401, Myanmar

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANTS' REPORT ON THE AUDITED FINANCIAL STATEMENTS OF ASIA HOLIDAYS TRAVELS & TOURS COMPANY LIMITED FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 2016 AND 2017

Opinion

We have audited the accompanying financial statements of Asia Holidays Travels & Tours Company Limited (the "Company") which comprise the statements of financial position of the Company as at 31 March 2015, 2016 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial years ended 31 March 2015, 2016 and 2017, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages I-4 to I-28.

In our opinion, the accompanying financial statements are properly drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2015, 2016 and 2017, and of the financial performance, changes in equity and cash flows of the Company for the financial years ended on 31 March 2015, 2016 and 2017.

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 Company 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.

Responsibilities of Management and Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The director's responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We communicate with the director 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.

Restriction on Distribution and Use

This report has been prepared solely for inclusion in the circular to the shareholders (the "Circular") of SHC Capital Asia Limited to be issued in connection with the proposed acquisition of MM Myanmar Pte. Ltd. by SHC Capital Asia Limited, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and for no other purpose or party.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Meriana Ang Mei Ling

Singapore
20 November 2017

Asia Holidays Travels & Tours Company Limited
Statements of Comprehensive Income
For the financial years ended 31 March 2015, 2016 and 2017

	Note	2015 US$'000	2016 US$'000	2017 US$'000
Revenue	4	4,538	4,421	4,962
Cost of sales		(3,583)	(3,380)	(3,852)
Gross profit		955	1,041	1,110
Other income – net	5	4	16	1
Expenses				
– Administrative		(607)	(582)	(679)
– Distribution and marketing		(52)	(50)	(60)
Profit before income tax		300	425	372
Income tax expense	8	(70)	(103)	(93)
Total comprehensive income, representing net profit		230	322	279

The accompanying notes form an integral part of these financial statements

Asia Holidays Travels & Tours Company Limited
Statements of Financial Position
As at 31 March 2015, 2016 and 2017

	Note	2015 US$'000	2016 US$'000	2017 US$'000
ASSETS				
Current assets				
Cash and bank balances		29	95	107
Trade and other receivables	9	1,425	1,609	1,799
Inventories	10	1	1	–
		1,455	1,705	1,906
Non-current assets				
Property, plant and equipment	11	20	13	22
Total assets		1,475	1,718	1,928
LIABILITIES				
Current liabilities				
Trade and other payables	12	1,215	1,049	1,256
Current income tax liabilities		215	302	385
Total liabilities		1,430	1,351	1,641
Net assets		45	367	287
EQUITY				
Share capital	13	1	1	1
Retained profits		44	366	286
Total equity		45	367	287

The accompanying notes form an integral part of these financial statements

Asia Holidays Travels & Tours Company Limited
Statements of Changes in Equity
For the financial years ended 31 March 2015, 2016 and 2017

	Note	Share capital US$'000	Retained profits* US$'000	Total equity US$'000
2015				
Beginning of financial year		1	(186)	(185)
Total comprehensive income		–	230	230
End of financial year		1	44	45
2016				
Beginning of financial year		1	44	45
Total comprehensive income		–	322	322
End of financial year		1	366	367
2017				
Beginning of financial year		1	366	367
Total comprehensive income		–	279	279
Dividends relating to 2017	14	–	(359)	(359)
End of financial year		1	286	287

* Retained profits of the Company are fully distributable

The accompanying notes form an integral part of these financial statements

Asia Holidays Travels & Tours Company Limited
Statements of Cash Flows
For the financial years ended 31 March 2015, 2016 and 2017

	Note	2015 US$'000	2016 US$'000	2017 US$'000
Cash flows from operating activities				
Net profit		230	322	279
Adjustments for:				
– Income tax expense	8	70	103	93
– Depreciation of property, plant and equipment	6	10	10	14
		310	435	386
Changes in working capital:				
– Inventories		14	–	1
– Trade and other receivables		(563)	(184)	(190)
– Trade and other payables		275	(166)	207
Cash generated from operations		36	85	404
Income tax paid		–	(16)	(10)
Net cash provided by operating activities		36	69	394
Cash flows from investing activities				
Additions to property, plant and equipment	11	(22)	(3)	(23)
Net cash used in investing activities		(22)	(3)	(23)
Cash flows from financing activities				
Dividends paid	14	–	–	(359)
Net cash used in financing activities		–	–	(359)
Net increase in cash and bank balances		14	66	12
Cash and bank balances				
Beginning of financial year		15	29	95
End of financial year		29	95	107

The accompanying notes form an integral part of these financial statements

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

Asia Holidays Travels & Tours Company Limited ("the Company") is incorporated and domiciled in Yangon, Myanmar. The address of its registered office is in The Campus, 1 Office Park, Rain Tree Drive Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar.

The principal activities of the Company are those relating to the business of providing destination management services such as designing and implementation of tours program and packages, and logistics arrangement.

Pursuant to the restructuring of the interests of the Vendors (as defined in the Circular) in relation to the Memories Businesses (as defined in the Circular), MM (DMC) Pte. Ltd. (a wholly-owned subsidiary corporation of MM Myanmar Pte. Ltd.) became the Company's immediate holding corporation and ultimate holding corporation is Yoma Strategic Holdings Ltd. which is incorporated and listed on the Mainboard of the SGX-ST.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2015, 2016 and 2017

On 1 April 2014, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the respective financial years. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the financial years ended 31 March 2015, 2016 and 2017 or prior financial years.

2 Significant accounting policies (continued)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Revenue are presented, net of value-added tax, rebates and discounts.

The Company 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 Company's activities are met as follows:

Rendering of services – Destination management

Revenue from the destination management services are recognised when services are rendered.

2.3 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Computers	3 years
Office equipment	3 years
Renovation	3-5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2 Significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income/(loss) – net".

2.4 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2 Significant accounting policies (continued)

2.5 Financial assets

(a) Classification

The Company classifies its financial assets in the category of loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 9) and "Cash and bank balances" on the statements of financial position.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

2 Significant accounting policies (continued)

2.5 Financial assets (continued)

(e) Impairment (continued)

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.6 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2 Significant accounting policies (continued)

2.7 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.8 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.9 Operating Leases

The Company leases office spaces and motor vehicles under operating leases from related and non-related parties.

When the Company is the lessee:

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.10 Inventories

Inventories consist of tickets which are purchased for the purpose of sale and use in the ordinary course of business.

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Costs include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of purchase comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

2 Significant accounting policies (continued)

2.10 Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The amount of any write-down of inventories to net realisable value shall be recognised as an expense in the period the write-down occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.11 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2 Significant accounting policies (continued)

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.13 Employee compensation

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

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Social Security Board on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Bonus plan

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.14 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar, which is the functional currency of the Company and all values have been rounded to the nearest thousand (US$'000) unless otherwise stated.

2 Significant accounting policies (continued)

2.14 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the statements of financial position.

2.16 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.

2.17 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertain tax positions

The Company is subject to income tax in Myanmar jurisdiction. In determining the income tax liabilities, management is required to estimate the deductibility of certain expenses ("uncertain tax positions") at the tax jurisdiction.

3 Critical accounting estimates, assumptions and judgements (continued)

Uncertain tax positions (continued)

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated 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 recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The amount of income tax expense is disclosed in Note 8.

4 Revenue

	2015 US$'000	2016 US$'000	2017 US$'000
Destination management services	4,538	4,421	4,962

5 Other income – net

	2015 US$'000	2016 US$'000	2017 US$'000
Currency translation gain, net	2	16	–*
Others	2	–	1
	4	16	1

–* Amount less than US$1,000

6 Expenses by nature

	2015 US$'000	2016 US$'000	2017 US$'000
Service providers' costs	3,583	3,380	3,852
Management fees	250	250	167
Employee compensation (Note 7)	248	233	384
Rental expense on operating leases	56	48	47
Commission expenses	47	42	21
Depreciation of property, plant and equipment (Note 11)	10	10	14
Other expenses	48	49	106
Total cost of sales, administrative and distribution and marketing expenses	4,242	4,012	4,591

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

7 Employee compensation

	2015 US$'000	2016 US$'000	2017 US$'000
Wages and salaries	239	223	347
Employer's contribution to defined contribution plans	2	2	2
Other short-term benefits	7	8	35
	248	233	384

8 Income tax expense

	2015 US$'000	2016 US$'000	2017 US$'000
Tax expense attributable to profit is made up of:			
– Profit for the financial year – current income tax – Myanmar	75	106	93
– Over provision of current income tax in prior financial years	(5)	(3)	–
	70	103	93

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the Myanmar local standard rate of income tax as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Profit before income tax	300	425	372
Tax calculated at a tax rate of 25%	75	106	93
Effects of:			
– Over provision of current income tax in prior financial years	(5)	(3)	–
	70	103	93

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

9 Trade and other receivables

	2015 US$'000	2016 US$'000	2017 US$'000
Trade receivables – Non-related parties	9	9	348
Non-trade receivables			
– Non-related parties	19	15	18
– Related parties	1,340	1,541	1,338
	1,359	1,556	1,356
Staff advances	24	36	11
Prepayments	33	8	84
	1,425	1,609	1,799

Non-trade receivables from related parties are interest free, unsecured and are receivable on demand. Included therein were advances and receipts from customers collected by a related party on behalf of the Company amounting to US$1,333,000, US$1,534,000 and US$1,338,000 as at 31 March 2015, 2016 and 2017 respectively.

10 Inventories

	2015 US$'000	2016 US$'000	2017 US$'000
Tickets	1	1	–

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US$123,000, US$66,000 and US$158,000 for the financial years ended 31 March 2015, 2016 and 2017 respectively.

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

11 Property, plant and equipment

	Computers US$'000	Office equipment US$'000	Renovation US$'000	Total US$'000
2015				
Cost				
Beginning of financial year	18	4	5	27
Additions	1	1	20	22
End of financial year	19	5	25	49
Accumulated depreciation				
Beginning of financial year	13	3	3	19
Depreciation charge (Note 6)	2	–*	8	10
End of financial year	15	3	11	29
Net book value				
End of financial year	4	2	14	20
2016				
Cost				
Beginning of financial year	19	5	25	49
Additions	2	1	–	3
End of financial year	21	6	25	52
Accumulated depreciation				
Beginning of financial year	15	3	11	29
Depreciation charge (Note 6)	2	1	7	10
End of financial year	17	4	18	39
Net book value				
End of financial year	4	2	7	13
2017				
Cost				
Beginning of financial year	21	6	25	52
Additions	23	–*	–	23
End of financial year	44	6	25	75
Accumulated depreciation				
Beginning of financial year	17	4	18	39
Depreciation charge (Note 6)	7	1	6	14
End of financial year	24	5	24	53
Net book value				
End of financial year	20	1	1	22

–* Amount less than US$1,000

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the financial years ended 31 March 2015, 2016 and 2017

12 Trade and other payables

	2015 US$'000	2016 US$'000	2017 US$'000
Trade payables:			
– Non-related parties	565	344	532
– Related parties	42	88	88
	607	432	620
Non-trade payables:			
– Non-related parties	326	426	585
– Related parties	26	10	–
	352	436	585
Customers' deposits	256	181	51
	1,215	1,049	1,256

Non-trade payables to related parties are unsecured, interest-free and are payable on demand.

13 Share capital

As at 31 March 2015, 2016 and 2017, the Company's share capital comprises fully paid 501 ordinary shares with par value of Kyat 1,000 per share, amounting to approximately US$500 (equivalent to Kyat 501,000) respectively. There is no movement in the share capital of the Company for the financial years then ended.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

14 Dividends

	2015 US$'000	2016 US$'000	2017 US$'000
Ordinary dividends			
Interim dividends paid in respect of financial year ended 31 March 2017 of US$716.57 per share	–	–	359

15 Financial risk management

Financial risk factors

The Company's activities exposed it to market risk (including currency risk and interest rate risks), credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company primarily operates in Myanmar and is exposed to currency risk when transactions are denominated in foreign currencies, such as Myanmar Kyat ("Kyat"). The Company manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts when they are available. At reporting date, the Company has not entered into any currency forward contracts.

The Company's currency exposure based on the information provided to key management is as follows:

	USD US$'000	Kyat US$'000	Others US$'000	Total US$'000
2015				
Financial assets				
Cash and bank balances	22	5	2	29
Trade and other receivables	1,368	–	–	1,368
	1,390	5	2	1,397
Financial liabilities				
Trade and other payables	(655)	(304)	–	(959)
Net financial assets/(liabilities)	735	(299)	2	438
Add: Net non-financial liabilities	(179)	(214)	–	(393)
Currency profile including non-financial assets and liabilities	556	(513)	2	45
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(299)	2	(297)

15 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	USD US$'000	Kyat US$'000	Others US$'000	Total US$'000
2016				
Financial assets				
Cash and bank balances	20	74	1	95
Trade and other receivables	1,565	–	–	1,565
	1,585	74	1	1,660
Financial liabilities				
Trade and other payables	(465)	(403)	–	(868)
Net financial assets/(liabilities)	1,120	(329)	1	792
Add: Net non-financial liabilities	(123)	(302)	–	(425)
Currency profile including non-financial assets and liabilities	997	(631)	1	367
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(329)	1	(328)
2017				
Financial assets				
Cash and bank balances	63	42	2	107
Trade and other receivables	1,704	–	–	1,704
	1,767	42	2	1,811
Financial liabilities				
Trade and other payables	(667)	(538)	–	(1,205)
Net financial assets/(liabilities)	1,100	(496)	2	606
Add: Net non-financial liabilities	(70)	(249)	–	(319)
Currency profile including non-financial assets and liabilities	1,030	(745)	2	287
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(496)	2	(494)

15 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the Kyat changes against USD by 6%, 11% and 13% for the financial years ended 31 March 2015, 2016 and 2017 respectively, with all other variables, including tax rate being held constant, the effects arising from the net financial position on the Company's net results will be as follows:

	← Increase/(Decrease) →		
	Net profit		
	2015	2016	2017
	US$'000	US$'000	US$'000
Increase/(decrease)			
Kyat against USD			
– strengthened	(13)	(27)	(48)
– weakened	13	27	48

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flow are substantially independent of changes in market interest rates. The Company has no significant interest rate risk as its financial assets and liabilities are non-interest bearing.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash and bank balances and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

As the Company does 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.

15 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

At 31 March 2015, 2016 and 2017, trade receivables of the Company comprise 1 debtor, 1 debtor and 2 debtors respectively that individually represented 100%, 100% and 75% of trade receivables at each reporting date.

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

	2015 US$'000	2016 US$'000	2017 US$'000
By geographical area			
France	–	–	183
Hong Kong	1,368	1,535	1,521
	1,368	1,535	1,704

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with bank with high credit-ratings as determined by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Past due less than 3 months	9	9	78

Management has assessed that no allowance for impairment is required for trade receivables past due as there is no indication that these past due trade receivables will default on their payment based on historical transactions with the customers.

15 Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Company to meet its financial obligations, measured by the working capital ratio.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and is dependent on the continuing financial support from its shareholders. As at 31 March 2015, 2016 and 2017, financial liabilities of the Company of US$959,000, US$868,000 and US$1,205,000 respectively, are due within one year.

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on working capital ratio. The Company is not required by the banks to maintain certain working capital ratio. The Company's strategies, which were unchanged from 2015, are to maintain working capital ratio not lower than 1.

The working capital ratio is calculated as current assets divided by current liabilities.

	2015 US$'000	2016 US$'000	2017 US$'000
Current assets	1,455	1,705	1,906
Current liabilities	1,430	1,351	1,641
Working capital ratio	1.02	1.26	1.16

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2015, 2016 and 2017.

15 Financial risk management (continued)

Financial risk factors (continued)

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position, except for the following:

	2015 US$'000	2016 US$'000	2017 US$'000
Loans and receivables	1,397	1,660	1,811
Financial liabilities at amortised cost	959	868	1,205

16 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties.

(a) Sales and purchases of goods and services and other transactions

	2015 US$'000	2016 US$'000	2017 US$'000
Management fees payable to a related party	250	250	167
Commissions payable to a related party	47	42	21
Rental payable to a related party	42	42	43
Purchases from related parties	146	324	309
Collections received on behalf by a related party	4,663	4,449	4,184
Repayment from a related party	3,713	3,626	3,722

Related parties are entities with common direct or indirect shareholders and/or directors or management. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Outstanding balances as at 31 March 2015, 2016 and 2017, arising from the above transactions, are unsecured and receivables/payables within 12 months from reporting date and are disclosed in Notes 9 and 12 respectively.

16 Related party transactions (continued)

(b) Key management personnel compensation is as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Wages and salaries	83	54	62

17 Commitments

Operating lease commitments – where the Company is a lessee

The Company leases office space from non-related parties for the financial years ended 31 March 2015, 2016 and 2017 under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2015 US$'000	2016 US$'000	2017 US$'000
Within one year	42	42	42
Between one and five years	42	–	–
	84	42	42

18 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2017 or later periods and which the Company has not early adopted. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on Company's financial statements.

19 Authorisation of financial statements

These financial statements have been prepared solely for inclusion in the Circular of SHC Capital Asia Limited and were authorised for issue by the Director of the Company on 20 November 2017.

The Board of Directors
Pun Hlaing Lodge Limited
The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate,
Hlaing Thayar Township, Yangon 11401, Myanmar

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANTS' REVIEW REPORT ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS OF PUN HLAING LODGE LIMITED FOR THE THREE-MONTH PERIOD 30 JUNE 2017

Dear Sirs

Introduction

We have reviewed the accompanying unaudited interim financial statements of Pun Hlaing Lodge Limited (the "Company") set out on pages J-3 to J-23, which comprise the unaudited statement of financial position of the Company as at 30 June 2017, and the unaudited statement of comprehensive income, unaudited statement of changes in equity and unaudited statement of cash flows for the three-month period ended 30 June 2017, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of these unaudited financial statements in accordance with Singapore Financial Reporting Standards. Our responsibility is to express a conclusion on these unaudited financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited financial statements does not present fairly, in all material respects, the financial position of the Company as at 30 June 2017, and of its financial performance, changes in equity and cash flows for the three-month period then ended in accordance with Singapore Financial Reporting Standards.

Restriction on Distribution and Use

This report has been prepared solely for inclusion in the circular to the shareholders (the "Circular") of SHC Capital Asia Limited to be issued in connection with the proposed acquisition of MM Myanmar Pte. Ltd. by SHC Capital Asia Limited, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and for no other purpose or party.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Meriana Ang Mei Ling

Singapore
20 November 2017

Pun Hlaing Lodge Limited
Statement of Comprehensive Income
For the three-month period ended 30 June 2017

	Note	For the three-month period ended 30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Other (loss)/income – net	3	(1)	2
Administrative expenses		–	(1)
(Loss)/profit before income tax		(1)	1
Income tax expense	4	–	–
Net (loss)/profit		(1)	1
Items that may be reclassified subsequently to profit or loss:			
Currency translation gains		3	5
Total comprehensive income for the financial period		2	6

The accompanying notes form an integral part of these financial statements

Pun Hlaing Lodge Limited
Statement of Financial Position
As at 30 June 2017

	Note	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
ASSETS			
Current assets			
Cash and bank balances		56	39
Other receivables	5	5,086	4,663
		5,142	4,702
Non-current assets			
Property, plant and equipment	6	13,314	12,953
Total assets		18,456	17,655
LIABILITIES			
Current liabilities			
Trade and other payables	7	14,086	13,288
Borrowings	8	4,423	4,422
Total liabilities		18,509	17,710
Net liabilities		(53)	(55)
EQUITY			
Share capital	9	24	24
Currency translation reserve		(2)	(5)
Accumulated losses		(75)	(74)
Total equity		(53)	(55)

The accompanying notes form an integral part of these financial statements

Pun Hlaing Lodge Limited
Statement of Changes in Equity
For the three-month period ended 30 June 2017

	Share capital US$'000	Currency translation reserve* US$'000	(Accumulated losses)/ retained profits# US$'000	Total equity US$'000
30 June 2017 (Unaudited)				
As at 1 April 2017	24	(5)	(74)	(55)
Total comprehensive income/(loss)	–	3	(1)	2
As at 30 June 2017	24	(2)	(75)	(53)
30 June 2016 (Unaudited)				
As at 1 April 2016	24	(6)	6	24
Total comprehensive income		5	1	6
As at 30 June 2016	24	(1)	7	30

* Currency translation reserve is not distributable

\# Retained profits of the Company are fully distributable

The accompanying notes form an integral part of these financial statements

Pun Hlaing Lodge Limited
Statement of Cash Flows
For the three-month period ended 30 June 2017

	Note	For the three-month period ended 30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Cash flows from operating activities			
Net (loss)/profit		(1)	1
Adjustment for:			
– Unrealised currency translation (loss)/gain		1	(158)
		–	(157)
Changes in working capital			
– Other receivables		(484)	(957)
– Trade and other payables		914	1,719
Cash generated from operations, representing net cash provided by operating activities		430	605
Cash flows from investing activity			
Additions to property, plant and equipment	6	(411)	(606)
Net cash used in investing activity		(411)	(606)
Net increase/(decrease) in cash and bank balances		19	(1)
Cash and bank balances			
Beginning of financial period		39	29
Effects of currency translation on cash and bank balances		(2)	1
End of financial period		56	28

The accompanying notes form an integral part of these financial statements

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

Pun Hlaing Lodge Limited (the "Company") is incorporated and domiciled in Myanmar. The address of its registered office is in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar.

The principal activities of the Company are those relating to the business of proposed hotel development currently under construction, which is situated on a 2.19 acres parcel of land located in Residential Ward No.12 Pun Hlaing Golf Club Housing, Hlaing Thayar Township, Yangon, Myanmar.

The Company's immediate holding corporation is Yoma Development Group Limited and ultimate holding corporation is Yoma Strategic Holdings Ltd. incorporated in Singapore and listed on the Mainboard of the SGX-ST.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Interpretations and amendments to published standards effective in 2018

On 1 April 2017, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of the new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the three-month period ended 30 June 2017 or prior financial periods.

2 Significant accounting policies (continued)

2.2 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs of a self-constructed asset include material costs, labour costs and other direct costs used in the construction of the asset. Other costs such as start-up costs, administration and other general overhead costs, advertising and training costs are excluded and expensed as incurred.

(b) Depreciation

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of them item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income/(loss) – net".

2.3 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

2 Significant accounting policies (continued)

2.3 Impairment of non-financial assets (continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.4 Financial assets

(a) Classification

The Company classifies its financial assets in the category of loan and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "Other receivables (Note 5) and "Cash and bank balances" on the statement of financial position.

(b) Recognition and derecognition

Regular way of purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.4 Financial assets (continued)

(b) Recognition and derecognition (continued)

Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(e) Impairment

The Company assessed at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior financial period.

2 Significant accounting policies (continued)

2.5 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.7 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.8 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

2 Significant accounting policies (continued)

2.8 Income taxes (continued)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2.9 Provisions

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.10 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Myanmar Kyat ("Kyat") and the Company has presented its financial statements in United States Dollar ("USD" or US$"). United States Dollar is assessed to be more reflective of the economic effects of the underlying transactions, events and conditions of the Company to the users of the financial statements for inclusion in the circular to the shareholders of SHC Capital Asia Limited in connection with the proposed acquisition of MM Myanmar Pte. Ltd..

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.10 Currency translation (continued)

(b) Transactions and balances

Transactions denominated in a currency other than functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates at reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when fair values are determined.

2.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the statement of financial position.

2.12 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.

3 Other (loss)/income – net

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	**30 June 2016 US$'000 (Unaudited)**
Currency translation (loss)/gain, net	(1)	2

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

4 Income tax expense

The tax on the Company's (loss)/profit before income tax differs from the theoretical amount that would arise using the Myanmar local standard rate of income tax as follows:

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
(Loss)/profit before income tax	(1)	1
Tax calculated at a tax rate of 25%	–*	–*
Effects of:		
– Expenses not deductible for tax purpose	–*	–
– Income not subject to tax	–	–*
Tax charge	–	–

–* Amount less than US$1,000

5 Other receivables

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Non-trade receivables		
– Ultimate holding corporation	4,555	4,115
– Related party	15	15
	4,570	4,130
Prepayments	516	533
	5,086	4,663

Non-trade receivables from ultimate holding corporation and related party are unsecured, interest-free and are receivable on demand.

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

6 Property, plant and equipment

	Land US$'000	Construction in progress US$'000	Total US$'000
As at 30 June 2017 (Unaudited)			
Cost and net book value			
As at 1 April 2017	2,564	10,389	12,953
Additions	–	411	411
Currency translation differences	2	(52)	(50)
As at 30 June 2017	2,566	10,748	13,314

	Land US$'000	Construction in progress US$'000	Total US$'000
As at 31 March 2017 (Audited)			
Cost and net book value			
As at 1 April 2016	2,896	6,700	9,596
Additions	–	4,790	4,790
Currency translation differences	(332)	(1,101)	(1,433)
As at 31 March 2017	2,564	10,389	12,953

Land and construction in progress of the Company with carrying amount of US$13,314,000 and US$12,953,000 as at 30 June 2017 and 31 March 2017 respectively is pledged to secure bank borrowings of the Company (Note 8).

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

7 Trade and other payables

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Trade payables – Non-related parties	3,126	3,022
Non-trade payables		
– Non-related parties	2	1
– Related parties	179	176
– Fellow subsidiary corporations	10,779	10,089
	10,960	10,266
	14,086	13,288

Non-trade payables to related parties and fellow subsidiary corporations are unsecured, interest-free and are payable on demand.

8 Borrowings

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Current		
Bank borrowing	4,423	4,422

Bank borrowing of the Company is secured by land and construction in progress of the Company (Note 6).

Bank borrowing of the Company is used to finance construction projects of a fellow subsidiary corporation, accordingly interest expenses were borne by the fellow subsidiary corporation.

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

9 Share capital

As at 30 June 2017 and 31 March 2017, the Company's share capital comprises fully paid 20,000 ordinary shares with par value of Kyat 1,000 per share, amounting to approximately US$24,000 (Kyat 20,000,000) respectively. There is no movement in the share capital of the Company for the financial period/year then ended.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

10 Financial risk management

Financial risk factors

The Company's activities exposed it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company primarily operates in Myanmar and is exposed to currency risk when transactions are denominated in foreign currencies, such as Singapore Dollar ("SGD") and United States Dollar ("USD"). The Company manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts when they are available. At the reporting date, the Company has not entered into any currency forward contracts.

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

10 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	Kyat US$'000	USD US$'000	SGD US$'000	Total US$'000
As at 30 June 2017 (Unaudited)				
Financial assets				
Cash and bank balances	49	7	–	56
Trade and other receivables	4,569	1	–	4,570
	4,618	8	–	4,626
Financial liabilities				
Borrowings	(4,423)	–	–	(4,423)
Trade and other payables	(13,295)	(766)	(25)	(14,086)
	(17,718)	(766)	(25)	(18,509)
Net financial liabilities	(13,100)	(758)	(25)	(13,883)
Add: Net non-financial assets	13,830	–	–	13,830
Currency profile including non-financial assets and liabilities	730	(758)	(25)	(53)
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	–	(758)	(25)	(783)

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

10 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	Kyat US$'000	USD US$'000	SGD US$'000	Total US$'000
As at 31 March 2017 (Audited)				
Financial assets				
Cash and bank balances	32	7	–	39
Trade and other receivables	4,567	(437)	–	4,130
	4,599	(430)	–	4,169
Financial liabilities				
Borrowings	(4,422)	–	–	(4,422)
Trade and other payables	(13,074)	(189)	(25)	(13,288)
	(17,496)	(189)	(25)	(17,710)
Net financial liabilities	(12,897)	(619)	(25)	(13,541)
Add: Net non-financial assets	13,486	–	–	13,486
Currency profile including non-financial assets and liabilities	589	(619)	(25)	(55)
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	–	(619)	(25)	(644)

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

10 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD changes against Kyat by 1% and 13% for the three-month period ended 30 June 2017 and the financial year ended 31 March 2017 respectively, with all other variables, including tax rates being held constant, the effects arising from the net financial assets/liabilities position on the Company's net results will be as follows:

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Increase/(Decrease)		
USD against Kyat		
– strengthened	(6)	(60)
– weakened	6	60

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rate. Bank borrowing of the Company is used to finance a fellow subsidiary corporation, therefore interest expenses are borne by the fellow subsidiary corporation. The Company's income and operating cash flow are substantially independent of changes in market interest rates as the Company's financial assets and liabilities are non-interest bearing.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash and bank balances and other receivables. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties. The Company has significant concentration of credit risk relating to non-trade receivables from ultimate holding corporation.

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

10 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount presented on the statement of financial position.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with bank with high credit-ratings. Non-trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Company to meet its financial obligations, measured by the working capital ratio.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and is dependent on the continuing financial support from its ultimate holding corporation. Financial liabilities of the Company as at 30 June 2017 and 31 March 2017 of US$18,509,000 and US$17,710,000 respectively, are due within one year.

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on working capital ratio. The Company is not required by the banks to maintain certain capital requirement. The Company's strategies are to maintain a working capital ratio not lower than 1.

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

10 Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk (continued)

The working capital ratio is calculated as current assets divided by current liabilities.

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Current assets	5,142	4,702
Current liabilities	18,509	17,710
Working capital ratio	0.28	0.27

Despite the Company's working capital ratio is lower than 1, the Company will be able to remain as a going concern in view of the continuing financial support from its ultimate holding corporation.

The Company is not subject to any externally imposed capital requirements for the three-month period ended 30 June 2017 and the financial year ended 31 March 2017.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position except for following:

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Loan and receivables	4,626	4,169
Financial liabilities at amortised cost	18,509	17,710

Pun Hlaing Lodge Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

11 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties.

(a) Sales and purchases of goods and services and other transactions

	For the three-month period ended	
	30 June 2017	30 June 2016
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Project management fee charged by a fellow subsidiary corporation	39	136
Design fee charged by a fellow subsidiary corporation	10	–

Related parties are entities with common direct or indirect shareholders and/or directors or management. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Outstanding balances as at 30 June 2017 and 31 March 2017, arising from the above transactions, are unsecured and receivables/payables within 12 months from reporting date and are disclosed in Notes 5 and 7 respectively.

(b) Key management personnel compensation

There is no remuneration paid and/or payable to the key management personnel for the three-month periods ended 30 June 2017 and 2016.

12 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2018 or later periods and which the Company has not early adopted. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on Company's financial statements.

13 Authorisation of financial statements

These financial statements have been prepared solely for inclusion in the Circular of SHC Capital Asia Limited and were authorised for issue by the Director of the Company on 20 November 2017.

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APPENDIX K – UNAUDITED INTERIM FINANCIAL STATEMENTS OF SHWE LAY TA GUN TRAVELS & TOURS COMPANY LIMITED FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2017

The Board of Directors
Shwe Lay Ta Gun Travels & Tours Company Limited
The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate,
Hlaing Thayar Township, Yangon 11401, Myanmar

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANTS' REVIEW REPORT ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS OF SHWE LAY TA GUN TRAVELS & TOURS COMPANY LIMITED FOR THE THREE-MONTH PERIOD 30 JUNE 2017

Dear Sirs

Introduction

We have reviewed the accompanying unaudited interim financial statements of Shwe Lay Ta Gun Travels & Tours Company Limited (the "Company") set out on pages K-3 to K-30, which comprise the unaudited statement of financial position of the Company as at 30 June 2017, and the unaudited statement of comprehensive income, unaudited statement of changes in equity and unaudited statement of cash flows for the three-month period ended 30 June 2017, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of these unaudited financial statements in accordance with Singapore Financial Reporting Standards. Our responsibility is to express a conclusion on these unaudited financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited financial statements does not present fairly, in all material respects, the financial position of the Company as at 30 June 2017, and of its financial performance, changes in equity and cash flows for the three-month period then ended in accordance with Singapore Financial Reporting Standards.

Restriction on Distribution and Use

This report has been prepared solely for inclusion in the circular to the shareholders (the "Circular") of SHC Capital Asia Limited to be issued in connection with the proposed acquisition of MM Myanmar Pte. Ltd. by SHC Capital Asia Limited, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and for no other purpose or party.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Meriana Ang Mei Ling

Singapore
20 November 2017

Shwe Lay Ta Gun Travels & Tours Company Limited
Statement of Comprehensive Income
For the three-month period ended 30 June 2017

	Note	For the three-month period ended 30 June 2017 US$'000 (Unaudited)	For the three-month period ended 30 June 2016 US$'000 (Unaudited)
Other (loss)/income – net	4	(7)	5
Expenses			
– Administrative		(347)	(364)
– Distribution and marketing		(24)	(9)
Loss before income tax		(378)	(368)
Income tax expense	7	–	–
Total comprehensive loss, representing net loss		(378)	(368)

The accompanying notes form an integral part of these financial statements

Shwe Lay Ta Gun Travels & Tours Company Limited
Statement of Financial Position
As at 30 June 2017

	Note	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
ASSETS			
Current assets			
Cash and bank balances		210	470
Trade and other receivables	8	7,328	7,244
Inventories	9	86	86
		7,624	7,800
Non-current assets			
Property, plant and equipment	10	1,419	1,534
Total assets		9,043	9,334
LIABILITIES			
Current liabilities			
Other payables	11	5,999	5,912
Current income tax liabilities		423	423
Total liabilities		6,422	6,335
Net assets		2,621	2,999
EQUITY			
Share capital	12	175	175
Retained profits		2,446	2,824
Total equity		2,621	2,999

The accompanying notes form an integral part of these financial statements

Shwe Lay Ta Gun Travels & Tours Company Limited
Statement of Changes in Equity
For the three-month period ended 30 June 2017

	Share capital US$'000	Retained profits* US$'000	Total equity US$'000
30 June 2017 (Unaudited)			
As at 1 April 2017	175	2,824	2,999
Total comprehensive loss	–	(378)	(378)
As at 30 June 2017	175	2,446	2,621
30 June 2016 (Unaudited)			
As at 1 April 2016	31	4,306	4,337
Total comprehensive loss	–	(368)	(368)
As at 30 June 2016	31	3,938	3,969

* Retained profits of the Company are fully distributable

The accompanying notes form an integral part of these financial statements

Shwe Lay Ta Gun Travels & Tours Company Limited
Statement of Cash Flows
For the three-month period ended 30 June 2017

	Note	For the three-month period ended 30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Cash flows from operating activities			
Net loss		(378)	(368)
Adjustments for:			
– Depreciation of property, plant and equipment	5	116	99
– Gain on disposal of property, plant and equipment	4	(5)	–
– Interest income – bank balances	4	(1)	(1)
		(268)	(270)
Changes in working capital			
– Trade and other receivables		(84)	(301)
– Trade and other payables		87	365
Cash used in operations		(265)	(206)
Interest received		1	1
Net cash used in operating activities		(264)	(205)
Cash flows from investing activities			
Additions to property, plant and equipment		(2)	–
Proceeds from disposal of property, plant and equipment		6	–
Net cash provided by investing activities		4	–
Net decrease in cash and bank balances		(260)	(205)
Cash and bank balances			
Beginning of financial period		470	1,857
End of financial period		210	1,652

The accompanying notes form an integral part of these financial statements

Shwe Lay Ta Gun Travels & Tours Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

Shwe Lay Ta Gun Travels & Tours Company Limited (the "Company") is incorporated and domiciled in Myanmar. The address of its registered office is in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar.

The principal activities of the Company are those relating to the business of providing hot-air balloon services in Myanmar.

Pursuant to the restructuring of the interests of the Vendors (as defined in the Circular) in relation to the Memories Business (as defined in the Circular), the Company's immediate holding corporation has been changed from Chindwin Holdings Pte. Ltd. to MM (BOB) Pte. Ltd. (a wholly-owned subsidiary corporation of MM Myanmar Pte. Ltd.) and ultimate holding corporation is Yoma Strategic Holdings Ltd. which is incorporated in Singapore and listed on the Mainboard of the SGX-ST.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2018

On 1 April 2017, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of the new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the financial periods ended 30 June 2016 and 2017 or prior financial periods.

2 Significant accounting policies (continued)

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company activities. Sales are presented net of value-added tax, rebates and discounts.

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

(a) Rendering of services – Hot-air balloon

Revenue from rendering of services are recognised in the period in which the services are rendered.

(b) Sale of goods – Merchandises

Revenue from sale of goods are recognised when the goods are delivered to the customers and the customers have accepted the goods.

(c) Interest Income

Interest income are recognised using the effective interest rate method.

2.3 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs of a self-constructed asset include material costs, labour costs and other direct costs used in the construction of the asset. Other costs such as start-up costs, administration and other general overhead costs, advertising and training costs are excluded and expensed as incurred.

2 Significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

(b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Renovation, furniture and office equipment	3-5 years
Motor vehicles	5 years
Hot-air balloons and equipment	6 years
Buildings	10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “Other income/(loss) – net”.

2 Significant accounting policies (continued)

2.4 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.5 Financial assets

(a) Classification

The Company classifies its financial assets in the category of loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

2 Significant accounting policies (continued)

2.5 Financial assets (continued)

(a) Classification (continued)

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 are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables (Note 9) and "cash and bank balances" on the statements of financial position.

(b) Recognition and derecognition

Regular way of purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(e) Impairment

The Company assessed at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

2 Significant accounting policies (continued)

2.5 Financial assets (continued)

(e) Impairment (continued)

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior period.

2.6 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.8 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2 Significant accounting policies (continued)

2.9 Operating leases

When the Company is the lessee:

The Company leases offices under operating leases from related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in profit or loss when incurred.

2.10 Inventories

Inventories consist of merchandises and souvenirs which are purchased for the purpose of sale in the ordinary course of business.

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Costs include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of purchase comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The amount of any write-down of inventories to net realisable value shall be recognised as an expense in the period the write-down occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.11 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

2 Significant accounting policies (continued)

2.11 Income taxes (continued)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2.12 Provisions

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2 Significant accounting policies (continued)

2.13 Employee compensation

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

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Social Security Board on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Bonus plan

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.14 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar, which is the functional currency of the Company and all values have been rounded to the nearest thousand (US$'000) unless otherwise stated.

(b) Transactions and balances

Transactions denominated in a currency other than functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates at reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when fair values are determined.

2 Significant accounting policies (continued)

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the statement of financial position.

2.16 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 amount.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertain tax positions

The Company is subject to income taxes in Myanmar jurisdiction. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at the tax jurisdiction.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated 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 recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The amount of income tax expense is disclosed in Note 8.

4 Other (loss)/gain – net

	For the Three-month period ended	
	30 June 2017 US$'000 (Unaudited)	**30 June 2016 US$'000 (Unaudited)**
Gain on disposal of property, plant and equipment	5	–
Currency translation (loss)/gain, net	(13)	4
Interest income – bank balances	1	1
	(7)	5

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5 Expenses by nature

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Advertisement and marketing	24	9
Bank charges	6	4
Depreciation of property, plant and equipment	116	99
Employee compensation (Note 6)	128	192
Professional fees	21	–
Rental expenses on operating leases	36	47
Travelling expenses	9	10
Others	31	12
Total administrative and distribution and marketing expenses	371	373

6 Employee compensation

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Wages and salaries	110	175
Employer's contribution to defined contribution plans	2	2
Other short-term benefits	16	15
	128	192

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7 Income tax expense

The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the Myanmar local standard rate of income tax as follows:

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Loss before income tax	(378)	(368)
Tax calculated at a tax rate of 25%	(95)	(92)
Effects of:		
– Deferred income tax asset not recognised	95	92
	–	–

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits are probable. The deferred tax assets have not been recognised in respect of the unrecognised tax losses as there is no certainty that future profits will be available against which the Company can utilise the benefits.

The Company has unrecognised tax loss of US$378,000 as at 30 June 2017 available for the set-off against future taxable income, subject to compliance with the Income Tax Law and the approval of the Comptroller of Income Tax. This tax loss amounting to US$378,000 will expire in 2023.

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8 Trade and other receivables

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Trade receivables – Non-related parties	19	245
Non-trade receivables		
– Non-related parties	11	101
– Ultimate holding corporation	4,878	4,819
– Fellow subsidiary corporations	1,992	1,898
	6,881	6,818
Deposits	30	27
Prepayments	398	154
	7,328	7,244

Non-trade receivables from ultimate holding corporation and fellow subsidiary corporations are interest-free, unsecured and are receivable on demand.

Included in the non-trade receivables from fellow subsidiary corporations is an amount receivable from a fellow subsidiary corporation, Chindwin Investments Limited ("CIL") of US$891,000 for the sale of property, plant and equipment (Note 10) as at 30 June 2017 and 31 March 2017 respectively.

9 Inventories

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Merchandises and souvenirs	86	86

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10 Property, plant and equipment

	Renovation, furniture and office equipment US$'000	Motor vehicles US$'000	Hot-air balloons and equipment US$'000	Buildings US$'000	Total US$'000
30 June 2017 (Unaudited)					
Cost					
As at 1 April 2017	270	620	2,086	6	2,982
Additions	2	–	–	–	2
Write off	(33)	–	–	–	(33)
Disposal	–	(6)	–	–	(6)
As at 30 June 2017	239	614	2,086	6	2,945
Accumulated depreciation					
As at 1 April 2017	208	246	994	–	1,448
Depreciation charge	11	30	75	–*	116
Write off	(33)	–	–	–	(33)
Disposal	–	(5)	–	–	(5)
As at 30 June 2017	186	271	1,069	–	(1,526)
Net book value					
End of financial period	53	343	1,017	6	1,419

* – Amount less than $1,000

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10 Property, plant and equipment (continued)

	Renovation, furniture and office equipment US$'000	Motor vehicles US$'000	Hot-air balloons and equipment US$'000	Buildings US$'000	Construction in progress US$'000	Total US$'000
31 March 2017 (Audited)						
Cost						
As at 1 April 2016	252	419	1,810	28	864	3,373
Additions	18	201	276	6	5	506
Disposal	–	–	–	(28)	(869)	(897)
As at 31 March 2017	270	620	2,086	6	–	2,982
Accumulated depreciation						
As at 1 April 2016	151	146	721	4	–	1,022
Depreciation charge	57	100	273	2	–	432
Disposal	–	–	–	(6)	–	(6)
31 March 2017	208	246	994	–	–	1,448
Net book value						
End of financial period	62	374	1,092	6	–	1,534

On 31 March 2017, the Company entered into an agreement with a fellow subsidiary corporation, CIL, wherein the Company agreed to transfer and assigned all of its interest in the land at Plots No.9, 10, 11 and 15, Block No.(EE) Aung May Ward, No. 6 Ward, Nyaung U Township and Plots No. 225, 216, 165, 132 and 114 Block No.1444 Ngat Pyit Taung, Ward No.3. Nyaung Oo Township classified as office building and construction in progress to CIL at net book value totalling to US$891,000.

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11 Other payables

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Non-trade payables – Immediate holding corporation	2,156	2,140
Accrued operating expenses	407	438
Customers' deposits	436	334
Dividends payable	3,000	3,000
	5,999	5,912

Non-trade payables to immediate holding corporation are unsecured, interest-free and are payable on demand.

12 Share capital

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Beginning of financial period	175	31
Shares issued	–	144
End of financial period	175	175

As at 30 June 2017 and 31 March 2017, the Company's share capital comprises fully paid 200 ordinary shares with par value of Kyat 100,000 per share, amounting to approximately US$175,000 (equivalent to Kyat 20,000,000) respectively.

On 31 March 2017, the Company issued 800 and 1,160 ordinary share respectively with par value of Kyat 100,000 per share for a total consideration of approximately US$144,000 (equivalent to Kyat 196,000,000) as partial settlement of dividends declared. The newly issued shares rank pari passu in all respects with the previously issued shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

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13 Financial risk management

Financial risk factors

The Company's activities exposed it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company primarily operates in Myanmar and is exposed to currency risk when transactions are denominated in foreign currencies, such as Singapore Dollar ("SGD") and Myanmar Kyat ("Kyat"). The Company manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts when they are available. At the reporting date, the Company has not entered into any currency forward contracts

The Company's currency exposure based on the information provided to key management is as follows:

	USD US$'000	SGD US$'000	Kyat US$'000	Others US$'000	Total US$'000
As at 30 June 2017 (Unaudited)					
Financial assets					
Cash and bank balances	151	–	19	40	210
Trade and other receivables	6,930	–	–	–	6,930
	7,081	–	19	40	7,140
Financial liabilities					
Other payables	(3,659)	(1,857)	(46)	(1)	(5,563)
Net financial assets/(liabilities)	3,422	(1,857)	(27)	39	1,577
Add: Net non-financial assets	726	–	217	101	1,044
Currency profile including non-financial assets and liabilities	4,148	(1,857)	190	140	2,621
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(1,857)	(27)	39	(1,845)

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13 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	USD US$'000	SGD US$'000	Kyat US$'000	Others US$'000	Total US$'000
As at 31 March 2017 (Audited)					
Financial assets					
Cash and bank balances	356	–	75	39	470
Trade and other receivables	7,090	–	–	–	7,090
	7,446	–	75	39	7,560
Financial liabilities					
Other payables	(3,597)	(1,838)	(132)	(11)	(5,578)
Net financial assets/(liabilities)	3,849	(1,838)	(57)	28	1,982
Add: Net non-financial assets	836	–	181	–	1,017
Currency profile including non-financial assets and liabilities	4,685	(1,838)	124	28	2,999
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(1,838)	(57)	28	(1,867)

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13 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the Kyat and SGD change against USD by 3% and 13% as at 30 June 2017 respectively, and 1% and 1% as at 31 March 2017 respectively, with all other variables, including tax rate being held constant, the effects arising from the net financial asset/liabilities position on the Company's net result will be as follows:

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Increase/(Decrease)		
Kyat against USD		
– strengthened	(14)	(179)
– weakened	14	179
SGD against USD		
– strengthened	(1)	(6)
– weakened	1	6

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flow are substantially independent of changes in market interest rates. The Company has no significant interest rate risk as its financial assets and liabilities are non-interest bearing.

13 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash and bank balances and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties. The Company has significant concentration of credit risk relating to non-trade receivables from ultimate holding corporation and fellow subsidiary corporations.

As the Company does 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 statement of financial position.

At 30 June 2017 and 31 March 2017, trade receivables of the Company comprise 1 debtor and 1 debtor that individually represented 98% and 100% respectively of trade receivables at each reporting date.

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

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
By geographical area		
Thailand	–	29
Myanmar	3,898	2,215
Singapore	3,002	4,819
	6,900	7,063

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with bank with high credit-ratings. Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

13 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Past due less than 3 months	19	14
Past due 3 to 6 months	–	15

Management has assessed that no allowance for impairment is required for trade receivables past due as there is no indication that these past due trade receivables will default on their payment based on historical transactions with the customers.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Company to meet its financial obligations, measured by the working capital ratio.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and is dependent on the continuing financial support from its ultimate holding corporation. Financial liabilities of the Company as at 30 June 2017 and 31 March 2017 of US$5,999,000 and US$5,578,000 respectively are due within one year.

13 Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on working capital ratio. The Company is not required by the banks to maintain certain capital requirement. The Company's strategies are to maintain a working capital ratio not lower than 1.

The working capital ratio is calculated as current assets divided by current liabilities.

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Current assets	7,624	7,800
Current liabilities	6,422	6,335
Working capital ratio	1.19	1.24

The Company is not subject to any externally imposed capital requirements for the three-month period ended 30 June 2017 and the financial year ended 31 March 2017.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position except for following:

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Loans and receivables	7,140	7,560
Financial liabilities at amortised cost	5,999	5,578

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14 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the company and related parties at terms agreed between the parties.

Key management personnel compensation

Key management personnel compensation is as follows:

	For the Three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Wages and salaries	109	132

15 Commitments

Operating lease commitment – where the Company is a lessee.

The Company leases offices from related parties. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Not later than one year	188	124
Between one and five years	537	57
	725	181

Shwe Lay Ta Gun Travels & Tours Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

16 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2018 or later periods and which the Company has not early adopted. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on Company's financial statements.

17 Authorisation of financial statements

These financial statements have been prepared solely for inclusion in the Circular of SHC Capital Asia Limited and were authorised for issue by the Director of the Company on 20 November 2017.

The Board of Directors
Chindwin Investments Limited
The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate
Hlaing Thayar Township, Yangon 11401, Myanmar

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANTS' REVIEW REPORT ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS OF CHINDWIN INVESTMENTS LIMITED FOR THE THREE-MONTH PERIOD 30 JUNE 2017

Dear Sirs

Introduction

We have reviewed the accompanying unaudited interim financial statements of Chindwin Investments Limited (the "Company") set out on pages L-3 to L-24, which comprise the unaudited statement of financial position of the Company as at 30 June 2017, and the unaudited statement of comprehensive income, unaudited statement of changes in equity and unaudited statement of cash flows for the three-month period ended 30 June 2017, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of these unaudited financial statements in accordance with Singapore Financial Reporting Standards. Our responsibility is to express a conclusion on these unaudited financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited financial statements does not present fairly, in all material respects, the financial position of the Company as at 30 June 2017, and of its financial performance, changes in equity and cash flows for the three-month period then ended in accordance with Singapore Financial Reporting Standards.

Restriction on Distribution and Use

This report has been prepared solely for inclusion in the circular to the shareholders (the "Circular") of SHC Capital Asia Limited to be issued in connection with the proposed acquisition of MM Myanmar Pte. Ltd. by SHC Capital Asia Limited, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and for no other purpose or party.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Meriana Ang Mei Ling

Singapore
20 November 2017

Chindwin Investments Limited
Statement of Comprehensive Income
For the three-month period ended 30 June 2017

	Note	For the three-month period ended 30 June 2017 US$'000 (Unaudited)	For the three-month period ended 30 June 2016 US$'000 (Unaudited)
Other (loss)/income-net	3	(76)	110
Administrative expenses	4	(175)	(1)
(Loss)/profit before income tax		(251)	109
Income tax expense	6	–	–
Total comprehensive (loss)/income, representing net (loss)/profit		(251)	109

The accompanying notes form an integral part of these financial statements

Chindwin Investments Limited
Statement of Financial Position
As at 30 June 2017

	Note	30 June 2017 US$'000 (Unaudited)	31 March 2017 US$'000 (Audited)
ASSETS			
Current assets			
Cash and bank balances		–*	–*
Other receivable	7	304	–
Development properties	8	6,666	6,666
		6,970	6,666
Non-current assets			
Property, plant and equipment	9	986	891
Investments in subsidiary corporations	10	–	381
Total assets		7,956	7,938
LIABILITIES			
Current liabilities			
Other payables	11	8,544	8,275
Total liabilities		8,544	8,275
Net liabilities		(588)	(337)
EQUITY			
Share capital	12	52	52
Accumulated losses		(640)	(389)
Total equity		(588)	(337)

–* Amount less than US$1,000

The accompanying notes form an integral part of these financial statements

Chindwin Investments Limited
Statement of Changes in Equity
For the three-month period ended 30 June 2017

	Share capital US$'000	(Accumulated losses)/retained profits# US$'000	Total equity US$'000
30 June 2017(Unaudited)			
As at 1 April 2017	52	(389)	(337)
Total comprehensive loss	–	(251)	(251)
As at 30 June 2017	52	(640)	(588)
30 June 2016 (Unaudited)			
As at 1 April 2016	52	7	59
Total comprehensive income	–	109	109
As at 30 June 2016	52	116	168

Retained profits of the Company are fully distributable

The accompanying notes form an integral part of these financial statements

Chindwin Investments Limited
Statement of Cash Flows
For the three-month period ended 30 June 2017

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Cash flows from operating activities		
Net (loss)/profit	(251)	109
Adjustment for:		
– Depreciation of property, plant and equipment	5	–
	(246)	109
Changes in working capital		
– Other receivables	77	–
– Other payables	169	(109)
Cash generated from operations, representing net cash provided by operating activities	–	–
Net increase in cash and bank balances	–	–
Cash and bank balances		
Beginning of financial period	–*	–*
End of financial period	–*	–*

–* Amount less than US$1,000

The accompanying notes form an integral part of these financial statements

Chindwin Investments Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

The Company is incorporated and domiciled in Myanmar. The address of its registered office is at The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar.

The principal activities of the Company are those relating to the business of a travel, leisure and/or attractions business in Bagan, Myanmar.

Pursuant to the restructuring of the interests of the Vendors (as defined in the Circular) in relation to the Memories Businesses (as defined in the Circular), the Company's immediate holding corporation has been changed from Chindwin Holdings Pte. Ltd to MM (BL) Pte. Ltd. (a wholly-owned subsidiary corporation of MM Myanmar Pte. Ltd.) and ultimate holding corporation is Yoma Strategic Holdings Ltd. which is incorporated in Singapore and listed on the Mainboard of the SGX-ST.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Exemption from preparing consolidated financial statements

These financial statements are the separate financial statements of Chindwin Investments Limited. The Company is exempted from the requirement to prepare consolidated financial statements with the consent from its non-controlling interests as the Company is a subsidiary corporation of Yoma Strategic Holdings Ltd., a Singapore-incorporated company which produces consolidated financial statements available for public use. The registered office of Yoma Strategic Holdings Ltd. where those consolidated financial statements can be obtained is as follows: 78 Shenton Way, #32-00 Singapore 079120.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2018

On 1 April 2017, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of the new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the three-month period ended 30 June 2017 or prior financial periods.

2.2 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs of a self-constructed asset include material costs, labour costs and other direct costs used in the construction of the asset. Other costs such as start-up costs, administration and other general overhead costs, advertising and training costs are excluded and expensed as incurred.

(b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings	10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

Chindwin Investments Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.2 Property, plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of them item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income/(loss) – net".

2.3 Impairment of non-financial assets

Property, plant and equipment and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2 Significant accounting policies (continued)

2.4 Financial assets

(a) Classification

The Company classifies its financial assets in the category of loan and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "other receivables" (Note 7) and "cash and bank balances" on the statement of financial position.

(b) Recognition and derecognition

Regular way of purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(e) Impairment

The Company assessed at each reporting date whether there is objective evidence that a financial asset or a Company of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

2 Significant accounting policies (continued)

2.4 Financial assets (continued)

(e) Impairment (continued)

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior period.

2.5 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.7 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2 Significant accounting policies (continued)

2.8 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2.9 Provisions

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2 Significant accounting policies (continued)

2.10 Employee compensation

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

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Social Security Board on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Bonus plan

The Company recognises a liability and an expense for bonuses, based on formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.11 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in the United States Dollar ("US$"), which is the functional currency of the Company and all values have been rounded to the nearest thousand (US$'000) unless otherwise stated.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Chindwin Investments Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the statement of financial position.

2.13 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.

2.14 Development properties

Development properties refer to properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Company's own use, rental or capital appreciation.

Development properties that are unsold are carried at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity.

Borrowing costs that are directly attributable to the acquisition and development of the development property are capitalised as part of development property during the period of development.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less estimated costs of completion and the estimated costs necessary to make the sale.

Sales of development properties under construction in respect of sale and purchase agreements are entered into prior to completion of construction are recognised when the properties are delivered to the buyer, except for in cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses.

The stage of completion is measured by reference to the ratio of contract costs incurred to date to the estimated total contract costs for the contract. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as expense immediately.

Chindwin Investments Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.14 Development properties (continued)

The aggregate costs incurred and the profit/loss recognised in each development property that has been sold are compared against progress billings up to the financial year-end. Where the costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as unbilled revenue under "trade and other receivables". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on development projects, under "trade and other payables".

2.15 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiary corporations, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit and loss.

3 Other (loss)/income-net

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	**30 June 2016 US$'000 (Unaudited)**
Currency translation (loss)/gain, net	(76)	110

4 Expenses by nature

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	**30 June 2016 US$'000 (Unaudited)**
Employee compensation (Note 5)	174	1
Others	1	–
Total administrative expenses	175	1

Chindwin Investments Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

5 Employee compensation

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Wages and salaries	174	1

6 Income tax expense

The tax on the Company's (loss)/profit before income tax differs from the theoretical amount that would arise using the Myanmar local standard rate of income tax as follows:

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
(Loss)/profit before income tax	(251)	109
Tax calculated at a tax rate of 25%	(62)	27
Effects of:		
– Deferred income tax assets not recognised	62	–
– Income not subject to tax	–	(27)
Tax charge	–	–

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits are probable.

As at 30 June 2017, the Company has unrecognised tax loss of US$647,000 (31 March 2017: US$396,000) available for the set-off against future taxable income, subject to compliance with the Income Tax Law and the approval of the Comptroller of Income Tax. These tax losses amounting to US$251,000 and US$396,000 will expire in 2023 and 2022 respectively.

Chindwin Investments Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

7 Other receivables

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Non-trade receivables – Fellow subsidiary corporation	304	–

Non-trade receivables from a fellow subsidiary corporation are unsecured, interest-free and are receivable on demand.

8 Development properties

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Beginning of financial period/year	6,666	6,663
Additions	–	3
End of financial period/year	6,666	6,666

9 Property, plant and equipment

	Buildings US$'000	Construction in progress US$'000	Total US$'000
As at 30 June 2017 (Unaudited)			
Cost			
Beginning of financial period	22	869	891
Additions	–	100	100
End of financial period	22	969	991
Accumulated depreciation			
Beginning of financial period	–	–	–
Depreciation charge	(5)	–	(5)
End of financial period	(5)	–	(5)
Net book value			
End of financial period	17	969	986

Chindwin Investments Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

9 Property, plant and equipment (continued)

	Buildings US$'000	Construction in progress US$'000	Total US$'000
As at 31 March 2017 (Audited)			
Cost			
Beginning of financial year	–	–	–
Additions	22	869	891
End of financial year	22	869	891
Accumulated depreciation			
Beginning of financial year	–	–	–
Depreciation charge	–	–	–
End of financial year	–	–	–
Net book value			
End of financial year	22	869	891

On 31 March 2017, the Company entered into an agreement with Shwe Lay Ta Gun Travels & Tours Company Limited ("SLTG"), a fellow subsidiary corporation wherein SLTG agreed to transfer and assigned all of its interest in certain plots of land classified as buildings and construction in progress to the Company at net book value.

10 Investments in subsidiary corporations

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Equity investment at cost		
Beginning of financial period/year	381	381
Disposals	(381)	–
End of financial period/year	–	381

On 1 April 2017, the Company disposed off its entire interests in Chindwin Bagan Company Limited and Chindwin Pindaya Company Limited for a total consideration of US$381,000 to a fellow subsidiary corporation, Yoma Venture Company Limited.

Chindwin Investments Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

10 Investments in subsidiary corporations (continued)

Details of the subsidiary corporations are as follows:

Name	Principal activity	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company	
			30 June 2017 %	31 March 2017 %
Chindwin Bagan Company Limited	Tourism	Myanmar	–	100
Chindwin Pindaya Company Limited	Tourism	Myanmar	–	100

11 Other payables

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Non-trade payables		
– Ultimate holding corporation	618	416
– Immediate holding corporation	6,565	6,565
– Subsidiary corporations	307	304
– Fellow subsidiary corporation	985	891
– Related parties	11	13
	8,486	8,189
Accrued operating expenses	58	86
	8,544	8,275

Non-trade payables to ultimate holding corporation, immediate holding corporation, subsidiary corporations, fellow subsidiary corporation and related parties are unsecured, interest-free and are payable on demand.

Non-trade payables to a fellow subsidiary corporation as at 30 June 2017 and 31 March 2017 of US$891,000 respectively are due to SLTG in relation to the purchase of property, plant and equipment (Note 9).

12 Share capital

As at 30 June 2017 and 31 March 2017, the Company's share capital comprises fully paid 50,000 ordinary shares with par value of Kyat 1,000 per share, amounting to approximately US$52,000 (Kyat 50,000,000) respectively. There is no movement in the share capital of the Company for the financial period/year then ended.

Chindwin Investments Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

12 Share capital (continued)

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

13 Financial risk management

Financial risk factors

The Company activities exposed it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company primarily invests in Myanmar and is exposed to currency risk when transactions are denominated in foreign currencies, such as Singapore Dollar ("SGD") and Myanmar Kyat ("Kyat"). The Company manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts when they are available. At the reporting date, the Company has not entered into any currency forward contracts.

The Company's currency exposure based on the information provided to key management is as follows:

	Kyat US$'000	USD US$'000	Total US$'000
As at 30 June 2017 (Unaudited)			
Financial assets			
Other receivable	304	–	304
Financial liabilities			
Other payables	(610)	(7,934)	(8,544)
Net financial liabilities	(306)	(7,934)	(8,240)
Add: Net non-financial assets and liabilities	216	7,436	7,652
Currency profile including non-financial assets and liabilities	(90)	(498)	(588)
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	(306)	–	(306)

Chindwin Investments Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

13 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	Kyat US$'000	USD US$'000	Total US$'000
As at 31 March 2017 (Audited)			
Financial liabilities			
Other payables	(6,822)	(1,453)	(8,275)
Net financial liabilities	(6,822)	(1,453)	(8,275)
Add: Net non-financial assets	–	7,938	7,938
Currency profile including non-financial assets and liabilities	(6,822)	6,485	(337)
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	(6,822)	–	(6,822)

If the USD changes against Kyat by 1% and 13% for the financial period ended 30 June 2017 and the financial year ended 31 March 2017 respectively, with all other variables, including tax rates being held constant, the effects arising from the net financial assets/liabilities position on the Company's net results will be as follows:

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Increase/(Decrease)		
Kyat against USD		
– strengthened	(60)	(665)
– weakened	60	665

13 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flow are substantially independent of changes in market interest rates. The Company has no interest rate risk as its financial assets and liabilities are non-interest bearing.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash and bank balances and other receivables. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties. The Company has significant concentration of credit risk relating to non-trade receivables from related parties.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount presented on the statement of financial position.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with bank with high credit-ratings. Non-trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

Chindwin Investments Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

13 Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Company to meet its financial obligations, measured by the working capital ratio.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and is dependent on the continuing financial support from its ultimate holding corporation. Financial liabilities of the Company as at 30 June 2017 and 31 March 2017 of US$8,544,000 and US$8,275,000 respectively, are due within one year.

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on working capital ratio. The Company is not required by the banks to maintain certain capital requirement. The Company's strategies are to maintain a working capital ratio not lower than 1.

The working capital ratio is calculated as current assets divided by current liabilities.

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Current assets	6,970	6,666
Current liabilities	8,544	8,275
Working capital ratio	0.82	0.81

Despite the Company's working capital ratio is lower than 1, the Company will be able to remain as going concern in view of the continuing financial support from its ultimate holding corporation.

The Company is not subject to any externally imposed capital requirements for the three-month period ended 30 June 2017 and the financial year ended 31 March 2017.

Chindwin Investments Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

13 Financial risk management (continued)

Financial risk factors (continued)

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position except for following:

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Loans and receivables	304	–
Financial liabilities at amortised cost	8,544	8,275

14 Related party transactions

There is no remuneration paid and/or payable to the key management personnel for the three-month periods ended 30 June 2017 and 2016.

15 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2018 or later periods and which the Company has not early adopted. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on Company's financial statements.

16 Authorisation of financial statements

These financial statements have been prepared solely for inclusion in the Circular of SHC Capital Asia Limited and were authorised for issue by the Director of the Company on 20 November 2017.

The Board of Directors
Traditional Lodge Hotel Company Limited
The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate
Hlaing Thayar Township, Yangon 11401, Myanmar

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANTS' REVIEW REPORT ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS OF TRADITIONAL LODGE HOTEL COMPANY LIMITED FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2017

Dear Sirs

Introduction

We have reviewed the accompanying unaudited interim financial statements of Traditional Lodge Hotel Company Limited (the "Company") set out on pages M-3 to M-29, which comprise the unaudited statement of financial position of the Company as at 30 June 2017, and the unaudited statement of comprehensive income, unaudited statement of changes in equity and unaudited statement of cash flows for the three-month period ended 30 June 2017, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of these unaudited financial statements in accordance with Singapore Financial Reporting Standards. Our responsibility is to express a conclusion on these unaudited financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited financial statements does not present fairly, in all material respects, the financial position of the Company as at 30 June 2017, and of its financial performance, changes in equity and cash flows for the three-month period then ended in accordance with Singapore Financial Reporting Standards.

Restriction on Distribution and Use

This report has been prepared solely for inclusion in the circular to the shareholders (the "Circular") of SHC Capital Asia Limited to be issued in connection with the proposed acquisition of MM Myanmar Pte. Ltd. by SHC Capital Asia Limited, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and for no other purpose or party.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Meriana Ang Mei Ling

Singapore
20 November 2017

Traditional Lodge Hotel Company Limited
Statement of Comprehensive Income
For the three-month period ended 30 June 2017

	Note	For the three-month period ended 30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Revenue	4	97	93
Cost of sales		(104)	(108)
Gross profit		(7)	(15)
Other income/(loss) – net	5	1	(1)
Administrative expenses		(55)	(31)
Loss before income tax		(61)	(47)
Income tax expense	8	–	–
Total comprehensive loss, representing net loss		(61)	(47)

The accompanying notes form an integral part of these financial statements

Traditional Lodge Hotel Company Limited
Statement of Financial Position
As at 30 June 2017

	Note	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
ASSETS			
Current assets			
Cash and bank balances		175	122
Trade and other receivables	9	23	83
Inventories	10	19	19
		217	224
Non-current assets			
Property, plant and equipment	11	1,270	1,312
Total assets		1,487	1,536
LIABILITIES			
Current liabilities			
Trade and other payables	12	121	109
Non-current liabilities			
Loans from shareholders	13	1,681	1,681
Total liabilities		1,802	1,790
Net liabilities		(315)	(254)
EQUITY			
Share capital	14	49	49
Accumulated losses		(364)	(303)
Total equity		(315)	(254)

The accompanying notes form an integral part of these financial statements

Traditional Lodge Hotel Company Limited
Statement of Changes in Equity
For the three-month period ended 30 June 2017

	Share capital US$'000	Accumulated losses US$'000	Total equity US$'000
30 June 2017 (Unaudited)			
As at 1 April 2017	49	(303)	(254)
Total comprehensive loss	–	(61)	(61)
As at 30 June 2017	49	(364)	(315)
30 June 2016 (Unaudited)			
As at 1 April 2016	49	(212)	(163)
Total comprehensive loss	–	(47)	(47)
As at 30 June 2016	49	(259)	(210)

The accompanying notes form an integral part of these financial statements

Traditional Lodge Hotel Company Limited
Statement of Cash Flows
For the three-month period ended 30 June 2017

	For the Three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Cash flows from operating activities		
Net loss	(61)	(47)
Adjustment for:		
– Depreciation of property, plant and equipment	47	41
	(14)	(6)
Changes in working capital		
– Trade and other receivables	60	52
– Trade and other payables	12	(20)
– Inventories	–	8
Net cash provided by operating activities	58	34
Cash flows from investing activities		
Additions to property, plant and equipment	(5)	(6)
Net cash used in investing activities	(5)	(6)
Net increase in cash and bank balances	53	28
Cash and bank balances		
Beginning of financial period	122	176
End of financial period	175	204

The accompanying notes form an integral part of these financial statements

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

Traditional Lodge Hotel Company Limited ("the Company") is incorporated and domiciled in Yangon, Myanmar. The address of its registered office is in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar. The address of its principal activities is No. A, Ground Floor, Building-36/38, Grand Myay Nu Condo, Myay Nu Street, Sanchaung Township, Yangon, Myanmar.

The principal activities of the Company are those relating to the business of providing lodge services and sale of goods to room guests in Hpa-An, Kayin State, Myanmar.

Pursuant to the restructuring of the interests of the Vendors (as defined in the Circular) in relation to the Memories Businesses (as defined in the Circular), MM (HAL) Pte. Ltd. (a wholly-owned subsidiary corporation of MM Myanmar Pte. Ltd.) became the Company's immediate holding corporation and the ultimate holding corporate is Yoma Strategic Holdings Ltd. which is incorporated in Singapore and listed on the Mainboard of the SGX-ST.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2018

On 1 April 2017, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the three-month period ended 30 June 2017 or prior financial periods.

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Revenue are presented, net of value-added tax, rebates and discounts.

(i) Rental of lodges

Revenue from rental of lodges are recognised when lodges are occupied.

(ii) Sale of goods – Food, beverages and merchandises

Revenue from these sales are recognised when the goods are delivered to the customers and the customers have accepted the goods.

2.3 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs of a self-constructed asset include material costs, labour costs and other direct costs used in the construction of the asset. Other costs such as start-up costs, administration and other general overhead costs, advertising and training costs are excluded and expensed as incurred.

(b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	10 years
Buildings and landscaping	10 years
Machinery and equipment	10 years
Furniture and office equipment	5 years
Electrical equipment	20 years
Motor vehicles	5 years

2 Significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

(b) Depreciation (continued)

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income/(loss) – net".

2.4 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

2 Significant accounting policies (continued)

2.4 Impairment of non-financial assets (continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.5 Financial assets

(a) Classification

The Company classifies its financial assets in the category of loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 9) and "cash and bank balances" on the statement of financial position.

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.5 Financial assets (continued)

(b) Recognition and derecognition

Regular way of purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Company assessed at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.6 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.8 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.9 Operating leases

The Company leases office spaces and motor vehicles under operating leases from related and non-related parties respectively.

When the Company is the lessee:

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2 Significant accounting policies (continued)

2.10 Inventories

Inventories consists of consumables which are purchased for the purpose of sale and use in the ordinary course of business.

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Costs include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of purchase comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The amount of any write-down of inventories to net realisable value shall be recognised as an expense in the period the write-down occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.11 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

2 Significant accounting policies (continued)

2.11 Income taxes (continued)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.13 Employee compensation

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

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Social Security Board on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Bonus plan

The Company recognises a liability and an expense for bonuses, based on formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2 Significant accounting policies (continued)

2.14 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar, which is the functional currency of the Company and all values have been rounded to the nearest thousand (US$'000) unless otherwise stated.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.15 Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the statement of financial position.

2.16 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.

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Useful lives of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives to be between 5 to 20 years.

The Company reviews the useful lives of property, plant and equipment at each reporting date in accordance with the accounting policies in Note 2.3. The estimation of the useful lives involves significant judgement. The carrying amount of the Company's property, plant and equipment as at 30 June 2017 and 31 March 2017 and the depreciation charge for the three-month periods ended 30 June 2017 and 2016 are disclosed in Note 11 and Note 6 respectively.

If the actual useful lives of these property, plant and equipment are longer or shorter than management's estimates by one year on average, the Company's carrying amount of the property, plant and equipment will be increased by US$5,970 and US$17,000 or decreased by US$6,236 and US$22,000 correspondingly to profit or loss for the three-month periods ended 30 June 2017 and 2016 respectively.

(b) Uncertain tax positions

The Company is subject to income taxes in Myanmar jurisdiction. In determining the income tax liabilities, management is required to estimate the deductibility of certain expenses ("uncertain tax positions") at the tax jurisdiction.

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated 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 recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The amount of income tax expense is disclosed in Note 8.

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

4 Revenue

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Rental of lodges	63	54
Sale of goods – Food, beverages and merchandises	34	39
	97	93

5 Other income/(loss) – net

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Currency translation gain/(loss), net	1	(1)

6 Expenses by nature

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Advertisement	1	1
Costs of guest amenities	3	4
Depreciation of property, plant and equipment	47	41
Employee compensation (Note 7)	57	45
Purchase of inventories	18	11
Rental expenses on operating leases	4	3
Transportation charges	2	2
Insurance	2	–
Repair and maintenance	10	6
Utilities	8	8
Changes in inventories	–	8
Others	7	10
Total cost of sales and administrative expenses	159	139

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

7 Employee compensation

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Wages and salaries	48	38
Employer's contribution to defined contribution plans	1	1
Other short-term benefits	8	6
	57	45

8 Income taxes

The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the Myanmar local standard rate of income tax as follows:

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Loss before income tax	(61)	(47)
Tax calculated at a tax rate of 25%	(15)	(12)
Effects of:		
– Deferred income tax asset not recognised	15	12
Tax charge	–	–

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits are probable. The deferred tax assets have not been recognised in respect of the unrecognised tax losses as there is no certainty that future profits will be available against which the Company can utilise the benefits.

The Company has unrecognised tax losses of US$354,000 and US$293,000 as at 30 June 2017 and 31 March 2017 respectively, available for the set-off against future taxable income, subject to compliance with the Income Tax Law and the approval of the Comptroller of Income Tax. These tax losses amounting to US$61,000, US$47,000 and US$202,000 will expire in 2023, 2022 and 2020 respectively.

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

9 Trade and other receivables

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Trade receivables		
– non-related parties	13	55
– related parties	–	20
	13	75
Prepayments	10	8
	23	83

10 Inventories

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Consumables	19	19

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US$18,000 and US$19,000 for the three-month period ended 30 June 2017 and 2016 respectively.

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

11 Property, plant and equipment

	Leasehold land US$'000	Buildings and landscaping US$'000	Machinery and equipment US$'000	Furniture and office equipment US$'000	Electrical equipment US$'000	Motor vehicles US$'000	Total US$'000
As at 30 June 2017 (Unaudited)							
Cost							
As at 1 April 2017	168	1,170	178	153	23	8	1,700
Additions	–	–	–	5	–	–	5
As at 30 June 2017	168	1,170	178	158	23	8	1,705
Accumulated depreciation							
As at 1 April 2017	8	264	41	67	4	4	388
Depreciation charge	4	30	4	8	–	1	47
As at 30 June 2017	12	294	45	75	4	5	435
Net book value							
End of financial period	156	876	133	83	19	3	1,270

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

11 Property, plant and equipment (continued)

	Leasehold land US$'000	Buildings and landscaping US$'000	Machinery and equipment US$'000	Furniture and office equipment US$'000	Electrical equipment US$'000	Motor vehicles US$'000	Total US$'000
As at 31 March 2017 (Audited)							
Cost							
As at 1 April 2016	168	1,169	178	150	23	8	1,696
Additions	–	1	–	3	–	–	4
Disposals	–	–	–	–	–	–*	–
As at 31 March 2017	168	1,170	178	153	23	8	1,700
Accumulated depreciation							
As at 1 January 2017	4	235	37	60	4	4	344
Depreciation charge	4	29	4	7	–	–	44
Disposals	–	–	–	–	–	–*	–*
As at 31 March 2017	8	264	41	67	4	4	388
Net book value							
End of financial year	160	906	137	86	19	4	1,312

–* Amount less than US$1,000

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

12 Trade and other payables

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Trade payables – non-related parties	6	2
Non-trade payables – related parties	–	1
Accrued operating expenses	111	98
Customers' deposits	4	8
	121	109

Non-trade payables to related parties are unsecured, interest-free and are payable on demand.

13 Loans from shareholders

The loans are unsecured, interest free and has no fixed term of repayment and settlement of loan is neither planned nor likely to occur in the foreseeable future. The loans form part of the shareholders' investment in the Company.

As the non-current loan from shareholders does not have fixed repayment terms, it is impractical to determine the fair value. The director is of the opinion that the carrying amounts of loans from shareholders approximate their fair values.

14 Share capital

As at 30 June 2017 and 31 March 2017, the Company's share capital comprises fully paid 500 ordinary shares with par value of Kyat 100,000 amounting to approximately US$49,000 (equivalent to Kyat 50,000,000) respectively. There is no movement in the share capital of the Company during the financial period/year then ended.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

15 Financial risk management

Financial risk factors

The Company's operations exposed it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company primarily operates in Myanmar and is exposed to currency risk when transactions are denominated in foreign currencies, such as Myanmar Kyat ("Kyat"). The Company manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts when they are available. At the reporting date, the Company has not entered into any currency forward contracts.

The Company's currency exposure based on the information provided to key management is as follows:

	USD US$'000	Kyat US$'000	Other US$'000	Total US$'000
As at 30 June 2017 (Unaudited)				
Financial assets				
Cash and bank balances	160	14	1	175
Trade and other receivables	13	–	–	13
	173	14	1	188
Financial liabilities				
Trade and other payables	(103)	(14)	–	(117)
Loans from shareholders	(1,681)	–	–	(1,681)
	(1,784)	(14)	–	(1,798)
Net financial (liabilities)/assets	(1,611)	–	1	(1,610)
Add: Net non-financial assets	1,295	–	–	1,295
Currency profile including non-financial (liabilities)/assets and liabilities	(316)	–	1	(315)
Currency exposure of financial assets net of those denominated in the Company's functional currency	–	–	1	1

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

15 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	USD US$'000	Kyat US$'000	Other US$'000	Total US$'000
As at 31 March 2017 (Audited)				
Financial assets				
Cash and bank balances	113	8	1	122
Trade and other receivables	75	–	–	75
	188	8	1	197
Financial liabilities				
Trade and other payables	(42)	(59)	–	(101)
Loans from shareholders	(1,681)	–	–	(1,681)
	(1,723)	(59)	–	(1,782)
Net financial (liabilities)/assets	(1,535)	(51)	1	(1,585)
Add: Net non-financial assets	1,331	–	–	1,331
Currency profile including non-financial (liabilities)/assets and liabilities	(204)	(51)	1	(254)
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(51)	1	(50)

If the Kyat changes against USD by 1% and 1% for the three-month period ended 30 June 2017 and the financial year ended 31 March 2017 respectively, with all other variables including tax rate being held constant, the effects arising from the net financial assets/(liabilities) position on the Company's net results will be as follows:

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Increase/(Decrease)		
Kyat against USD		
– strengthened	–	(5)
– weakened	–	5

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

15 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flow are substantially independent of changes in market interest rates. The Company has no significant interest rate risk as its financial assets and liabilities are non-interest bearing.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash and bank balances and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

As the Company does 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 statement of financial position.

At 30 June 2017 and 31 March 2017, trade receivables of the Company comprise 1 debtor and 1 debtor respectively that individually represented more than 50% respectively of trade receivables at each reporting date.

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

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
By geographical area		
Myanmar	13	75

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

15 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with bank with high credit-ratings as determined by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Past due less than 3 months	5	73
Past due 3 to 6 months	8	2
	13	75

Management has assessed that no allowance for impairment is required for trade receivables past due as there is no indication that these past due trade receivables will default on their payment based on historical transactions with the customers.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Company to meet its financial obligations, measured by the working capital ratio.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and is dependent on the continuing financial support from its shareholders. As at 30 June 2017 and 31 March 2017, financial liabilities of the Company of US$117,000 and US$101,000 respectively are due within one year and loans from shareholders of US$1,681,000 and US$1,681,000 respectively have no fixed repayment terms and are not expected to be repaid in near future.

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

15 Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on working capital ratio. The Company is not required by the banks to maintain certain working capital ratio. The Company's strategies are to maintain a working capital ratio not lower than 1.

The working capital ratio is calculated as current assets divided by current liabilities.

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Current assets	217	224
Current liabilities	121	109
Working capital ratio	1.80	2.05

The Company is not subject to any externally imposed capital requirements for the three-month period ended 30 June 2017 and the financial year ended 31 March 2017.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position except for following

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Loan and receivables	188	197
Financial liabilities at amortised cost	1,798	1,782

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

16 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties.

(a) Sales and purchases of goods and services and other transactions

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Rental of lodges to related party	1	1
Salary charged to related party	7	–
Short term loan to related party	–	12
Rental paid to related party	5	3

Related parties are entities with common direct or indirect shareholders and/or directors or management. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Outstanding balances as at 30 June 2017 and 31 March 2017, arising from the above transactions, are unsecured and receivables/payables within 12 months from reporting date and are disclosed in Notes 9 and 12 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Wages and salaries	12	9

Traditional Lodge Hotel Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

17 Commitments

Operating lease commitments – where the Company is a lessee

The Company leases offices from related parties. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Not later than one year	11	–

18 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2018 or later periods and which the Company has not early adopted. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on Company's financial statements.

19 Authorisation of financial statements

These financial statements have been prepared solely for inclusion in the Circular of SHC Capital Asia Limited and were authorised for issue by the Director of the Company on 20 November 2017.

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APPENDIX N – UNAUDITED INTERIM FINANCIAL STATEMENTS OF ASIA HOLIDAYS TRAVELS & TOURS COMPANY LIMITED FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2017

The Board of Directors
Asia Holidays Travels & Tours Company Limited
The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate,
Hlaing Thayar Township, Yangon 11401, Myanmar

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANTS' REVIEW REPORT ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS OF ASIA HOLIDAYS TRAVELS & TOURS COMPANY LIMITED FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2017

Dear Sirs

Introduction

We have reviewed the accompanying unaudited interim financial statements of Asia Holidays Travels & Tours Company Limited (the "Company") set out on pages N-3 to N-28, which comprise the unaudited statement of financial position of the Company as at 30 June 2017, and the unaudited statement of comprehensive income, unaudited statement of changes in equity and unaudited statement of cash flows for the three-month period ended 30 June 2017, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of these unaudited combined financial statements in accordance with Singapore Financial Reporting Standards. Our responsibility is to express a conclusion on these unaudited financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited financial statements does not present fairly, in all material respects, the financial position of the Company as at 30 June 2017, and of its financial performance, changes in equity and cash flows for the three-month period then ended in accordance with Singapore Financial Reporting Standards.

Restriction on Distribution and Use

This report has been prepared solely for inclusion in the circular to the shareholders (the "Circular") of SHC Capital Asia Limited to be issued in connection with the proposed acquisition of MM Myanmar Pte. Ltd. by SHC Capital Asia Limited, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and for no other purpose or party.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Meriana Ang Mei Ling

Singapore
20 November 2017

Asia Holidays Travels & Tours Company Limited
Statement of Comprehensive Income
For the three-month period ended 30 June 2017

	Note	For the three-month period ended 30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Revenue	4	482	288
Cost of sales		(328)	(234)
Gross profit		154	54
Other income/(loss) – net	5	2	(6)
Expenses			
– Administrative		(162)	(157)
– Distribution and marketing		(27)	(9)
Loss before income tax		(33)	(118)
Income tax expense	8	–	–
Total comprehensive loss, representing net loss		(33)	(118)

The accompanying notes form an integral part of these financial statements

Asia Holidays Travels & Tours Company Limited
Statement of Financial Position
As at 30 June 2017

	Note	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
ASSETS			
Current assets			
Cash and bank balances		98	107
Trade and other receivables	9	1,193	1,799
		1,291	1,906
Non-current assets			
Property, plant and equipment	10	39	22
Total assets		1,330	1,928
LIABILITIES			
Current liabilities			
Trade and other payables	11	691	1,256
Current income tax liabilities		385	385
Total liabilities		1,076	1,641
Net assets		254	287
EQUITY			
Share capital	12	1	1
Retained profits		253	286
Total equity		254	287

The accompanying notes form an integral part of these financial statements

Asia Holidays Travels & Tours Company Limited
Statement of Changes in Equity
For the three-month period ended 30 June 2017

	Share capital US$'000	Retained profits* US$'000	Total equity US$'000
30 June 2017 (Unaudited)			
As at 1 April 2017	1	286	287
Total comprehensive loss	–	(33)	(33)
As at 30 June 2017	1	253	254
30 June 2016 (Unaudited)			
As at 1 April 2016	1	366	367
Total comprehensive loss	–	(118)	(118)
As at 30 June 2016	1	248	249

* Retained profits of the Company are fully distributable

The accompanying notes form an integral part of these financial statements

Asia Holidays Travels & Tours Company Limited
Statement of Cash Flows
For the three-month period ended 30 June 2017

	For the three-month period ended	
	30 June 2017 US$'000	30 June 2016 US$'000
Cash flows from operating activities		
Net loss	(33)	(118)
Adjustment for:		
– Depreciation of property, plant and equipment	4	3
	(29)	(115)
Changes in working capital:		
– Trade and other receivables	606	537
– Trade and other payables	(565)	(505)
Net cash provided by/(used in) operating activities	12	(83)
Cash flows from investing activities		
Additions to property, plant and equipment	(21)	(4)
Net cash used in investing activities	(21)	(4)
Net decrease in cash and bank balances	(9)	(87)
Cash and bank balances		
Beginning of financial period	107	95
End of financial period	98	8

The accompanying notes form an integral part of these financial statements

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

Asia Holidays Travels & Tours Company Limited ("the Company") is incorporated and domiciled in Yangon, Myanmar. The address of its registered office is in The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon 11401, Myanmar.

The principal activities of the Company are those relating to the business of providing tourism and destination management services such as designing and implementation of tours program and packages, and logistics arrangement.

Pursuant to the restructuring of the interests of the Vendors (as defined in the Circular) in relation to the Memories Businesses (as defined in the Circular), MM (DMC) Pte. Ltd. (a wholly-owned subsidiary corporation of MM Myanmar Pte. Ltd.) became the Company's immediate holding corporation and ultimate holding corporation is Yoma Strategic Holdings Ltd. which is incorporated and listed on the Mainboard of the SGX-ST.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2018

On 1 April 2017, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the respective financial years. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the three-month period ended 30 June 2017 or prior financial periods.

2 Significant accounting policies (continued)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Revenue are presented, net of value-added tax, rebates and discounts.

The Company 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 Company's activities are met as follows:

Rendering of services – Destination management

Revenue from the destination management services are recognised when services are rendered.

2.3 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Furniture and office equipment	3-5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2 Significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income/(loss) – net"

2.4 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial years.

2 Significant accounting policies (continued)

2.4 Impairment of non-financial assets (continued)

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.5 Financial assets

(a) Classification

The Company classifies its financial assets in the category of loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 9) and "Cash and bank balances" on the statement of financial position.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 Significant accounting policies (continued)

2.5 Financial assets (continued)

(e) Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.6 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2 Significant accounting policies (continued)

2.8 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.9 Operating leases

The Company leases office spaces and motor vehicles under operating leases from related and non-related parties.

When the Company is the lessee

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.10 Inventories

Inventories consist of tickets which are purchased for the purpose of sale and use in the ordinary course of business.

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Costs include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of purchase comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The amount of any write-down of inventories to net realisable value shall be recognised as an expense in the period the write-down occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2 Significant accounting policies (continued)

2.11 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2 Significant accounting policies (continued)

2.13 Employee compensation

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

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Social Security Board on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Bonus plan

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.14 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar, which is the functional currency of the Company and all values have been rounded to the nearest thousand (US$'000) unless otherwise stated.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2 Significant accounting policies (continued)

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the statement of financial position.

2.16 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.

2.17 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertain tax positions

The Company is subject to income tax in Myanmar jurisdiction. In determining the income tax liabilities, management is required to estimate the deductibility of certain expenses ("uncertain tax positions") at the tax jurisdiction

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated 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 recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The amount of income tax expense is disclosed in Note 8.

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

4 Revenue

	For the three-month period ended	
	30 June 2017	30 June 2016
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Destination management services	482	288

5 Other income/(loss) – net

	For the three-month period ended	
	30 June 2017	30 June 2016
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Currency translation gain/(loss), net	1	(6)
Others	1	–
	2	(6)

6 Expenses by nature

	For the three-month period ended	
	30 June 2017	30 June 2016
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Service providers' costs	328	234
Management fees	16	62
Employee compensation (Note 7)	136	71
Rental expenses on operating leases	12	12
Commission expenses	2	2
Depreciation of property, plant and equipment	4	3
Other expenses	19	16
Total cost of sales, administrative and distribution and marketing expenses	517	400

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

7 Employee compensation

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Wages and salaries	118	67
Employer's contribution to defined contribution plans	1	3
Other short-term benefits	17	1
	136	71

8 Income tax expense

The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the Myanmar local standard rate of income tax as follows:

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Loss before income tax	(33)	(118)
Tax calculated at a tax rate of 25%	(8)	(30)
Effects of:	–	–
– Deferred income tax asset not recognised	8	30
	–	–

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits are probable. The deferred tax assets have not been recognised in respect of the unrecognised tax losses as there is no certainty that future profits will be available against which the Company can utilise the benefits.

The Company has unrecognised tax loss of US$33,000 as at 30 June 2017 available for the set-off against future taxable income, subject to compliance with the Income Tax Law and the approval of the Comptroller of Income Tax. This tax loss amounting to US$33,000 will expire in 2023.

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

9 Trade and other receivables

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Trade receivables – Non-related parties	97	348
Non-trade receivables		
– Non-related parties	11	18
– Related parties	1,018	1,338
	1,029	1,356
Staff advances	14	11
Prepayments	53	84
	1,193	1,799

Non-trade receivables from related parties are interest free, unsecured and are receivable on demand. Included therein were advances and receipts from customers collected by a related party on behalf of the Company amounting to US$1,018,000 and US$1,338,000 as at 30 June 2017 and 31 March 2017 respectively.

10 Property, plant and equipment

	Furniture and office equipment US$'000
As at 30 June 2017 (Unaudited)	
Cost	
As at 1 April 2017	75
Additions	21
As at 30 June 2017	96
Accumulated depreciation	
As at 1 April 2017	53
Depreciation charge	4
As at 30 June 2017	57
Net book value	
End of financial period	39

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

10 Property, plant and equipment (continued)

	Furniture and office equipment US$'000
As at 31 March 2017 (Audited)	
Cost	
As at 1 April 2016	74
Additions	1
As at 31 March 2017	75
Accumulated depreciation	
As at 1 April 2016	49
Depreciation charge	4
As at 31 March 2017	53
Net book value	
End of financial year	22

11 Trade and other payables

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Trade payables:		
– Non-related parties	82	532
– Related parties	–	88
	82	620
Non-trade payables – Non-related parties	591	585
Customers' deposits	18	51
	691	1,256

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

12 Share capital

As at 30 June 2017 and 31 March 2017, the Company's share capital comprises of fully paid 501 ordinary shares with par value of Kyat 1,000 per share, amounting to approximately US$500 (equivalent to Kyat 501,000) respectively. There is no movement in the share capital of the Company for the financial period/year then ended.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

13 Financial risk management

Financial risk factors

The Company's activities exposed it to market risk (including currency risk and interest rate risks), credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company primarily operates in Myanmar and is exposed to currency risk when transactions are denominated in foreign currencies, such as Myanmar Kyat ("Kyat"). The Company manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts when they are available. At reporting date, the Company has not entered into any currency forward contracts.

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

13 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	USD US$'000	Kyat US$'000	Others US$'000	Total US$'000
As at 30 June 2017 (Unaudited)				
Financial assets				
Cash and bank balances	77	11	10	98
Trade and other receivables	1,126	–	–	1,126
	1,203	11	10	1,224
Financial liabilities				
Trade and other payables	(112)	(561)	–	(673)
Net financial assets/(liabilities)	1,091	(550)	10	551
Add/(less): Net non-financial assets/(liabilities)	88	(318)	–	(230)
Currency profile including non-financial assets and liabilities	1,179	(868)	10	321
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(550)	10	(540)

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

13 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	USD US$'000	Kyat US$'000	Others US$'000	Total US$'000
As at 31 March 2017 (Audited)				
Financial assets				
Cash and bank balances	63	42	2	107
Trade and other receivables	1,704	–	–	1,704
	1,767	42	2	1,811
Financial liabilities				
Trade and other payables	(667)	(538)	–	(1,205)
Net financial assets/(liabilities)	1,100	(496)	2	606
Less: Net non-financial liabilities	(70)	(249)	–	(319)
Currency profile including non-financial assets and liabilities	1,030	(745)	2	287
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(496)	2	(494)

13 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the Kyat changes against USD by 1% and 1% for the three-month period ended 30 June 2017 and the financial year ended 31 March 2017 respectively, with all other variables, including tax rates being held constant, the effects arising from the net financial asset/liabilities position on the Company's net result will be as follows:

	← Increase/(Decrease) → Net profit	
	As at 30 June 2017 US$'000 (Unaudited)	**As at 31 March 2017 US$'000 (Audited)**
Increase/(decrease)		
Kyat against USD		
– strengthened	(4)	(48)
– weakened	4	48

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flow are substantially independent of changes in market interest rates. The Company has no significant interest rate risk as its financial assets and liabilities are non-interest bearing.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash and bank balances and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

13 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

As the Company does 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 statement of financial position.

As at 30 June 2017 and 31 March 2017, trade receivables of the Company comprises of 1 debtor and 2 debtors respectively that individually represented 75% and 75% respectively of trade receivables at each reporting date.

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

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
By geographical area		
France	56	183
Hong Kong	41	165
Myanmar	1,029	1,356
	1,126	1,704

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with bank with high credit-ratings as determined by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

13 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Past due less than 3 months	97	78

Management has assessed that no allowance for impairment is required for trade receivables past due as there is no indication that these past due trade receivables will default on their payment based on historical transactions with the customers.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Company to meet its financial obligations, measured by the working capital ratio.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and is dependent on the continuing financial support from its shareholders. As at 30 June 2017 and 31 March 2017, financial liabilities of the Company of US$673,000 and US$1,205,000 respectively, are due within one year.

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

13 Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk (continued)

Management monitors capital based on working capital ratio. The Company is not required by the banks to maintain certain working capital ratio. The Company's strategies, which were unchanged from 2016, are to maintain working capital ratio not lower than 1.

The working capital ratio is calculated as current assets divided by current liabilities.

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Current assets	1,291	1,906
Current liabilities	1,076	1,641
Working capital ratio	1.20	1.16

The Company is not subject to any externally imposed capital requirements for the three-month period ended 30 June 2016 and the financial year ended 31 March 2017.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position, except for the following:

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Loans and receivables	1,224	1,811
Financial liabilities at amortised cost	673	1,205

Asia Holidays Travels & Tours Company Limited
Notes to the Financial Statements
For the three-month period ended 30 June 2017

14 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties.

(a) Sales and purchases of goods and services and other transactions

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Management fees payable to a related party	16	62
Commissions payable to a related party	1	1
Rental payable to a related party	12	11
Purchases from related parties	23	10
Repayment from a related party	337	155

Related parties are entities with common direct or indirect shareholders and/or directors or management. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Outstanding balances as at 30 June 2017 and 31 March 2017, arising from the above transactions, are unsecured and receivables/payables within 12 months from reporting date and are disclosed in Notes 9 and 11 respectively.

(b) Key management personnel compensation is as follows:

	For the three-month period ended	
	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)
Wages and salaries	19	5

Asia Holidays Travels & Tours Company Limited
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15 Commitments

Operating lease commitments – where the Company is a lessee

The Company leases office space from non-related parties for the financial periods ended 30 June 2016 and 2017 under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	As at 30 June 2017 US$'000 (Unaudited)	As at 31 March 2017 US$'000 (Audited)
Within one year	63	42

16 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2018 or later periods and which the Company has not early adopted. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on Company's financial statements.

17 Authorisation of financial statements

These financial statements have been solely prepared for inclusion in the Circular of SHC Capital Asia Limited and were authorised for issue by the Director of the Company on 20 November 2017.

SINGAPORE'S TAXATION LAWS

The following is a general discussion of the salient Singapore income tax, capital gains tax, stamp duty and GST consequences in relation to the purchase, ownership and disposal of the Shares and is not intended to be and does not constitute legal or tax advice. The discussion is based on Singapore tax laws, regulations and interpretations presently in effect and available as of the date of this Circular. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of the Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below.

Prospective investors should consult their tax advisors concerning the tax consequences of owning and disposing of our Shares. Neither the Company, the Directors, the Sponsor, the Auditors nor any other persons involved in the Proposed Transactions accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Shares.

(i) Individual income tax

Individual taxpayers who are Singapore tax residents are subject to tax on income accrued in or derived from Singapore. All foreign-sourced income (except for income received through a partnership in Singapore) received on or after 1 January 2004 in Singapore by tax resident individuals will be exempt from tax. Certain Singapore-sourced investment income derived by tax resident individuals on or after 1 January 2004 from certain financial instruments (other than income derived through a partnership in Singapore or from the carrying on of a trade, business or profession) will be exempt from tax.

For a Singapore tax resident individual, the tax rate will vary according to the individual's circumstances but is subject to a maximum rate of 20%.

Non-resident individuals, subject to certain exceptions, are generally subject to income tax on income accrued in or derived from Singapore at the prevailing rate of 20%.

An individual will be regarded as being resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

(ii) Corporate income tax

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accrued in or derived from Singapore and subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore from outside Singapore. Foreign-sourced income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by resident taxpayers on or after 1 June 2003 will be exempt from tax if certain prescribed conditions are met.

Non-resident corporate taxpayers are subject to income tax on income accrued in or derived from Singapore and on foreign income received or deemed to be received in Singapore, subject to certain exceptions.

A corporate taxpayer is regarded as resident for Singapore tax purposes if the management and control of its business is exercised in Singapore.

The prevailing corporate tax rate in Singapore is 17%. Further, corporate tax exemption will apply to the first S$300,000 of a company's chargeable income as follows:–

(a) 75% of up to the first S$10,000 of a company's chargeable income; and

(b) 50% of up to the next S$290,000 of a company's chargeable income.

Further, certain companies will, subject to certain conditions, be eligible for full tax exemption on their normal chargeable income of up to S$100,000 a year and partial tax exemption of 50% of up to the next S$200,000 of normal chargeable income for each of the company's first three years of assessment falling in or after year of assessment 2008. The conditions which a new company must satisfy in order to claim this exemption for a year of assessment include (a) it must be incorporated in Singapore; (b) it must be tax resident in Singapore for that year of assessment; and (c) it must have no more than 20 shareholders all of whom are individuals or at least one of whom is an individual holding at least 10% of the total number of issued ordinary shares of the company throughout the basis period for that year of assessment. The remaining chargeable income (after the tax exemption) will be taxed at the prevailing corporate tax rate.

(ii) Cash dividend distributions

Dividends paid by the company being tax resident in Singapore, would be considered as sourced from Singapore. Dividends received in respect of the shares by either Singapore tax resident or non-Singapore tax resident taxpayers are not subject to Singapore withholding tax.

With effect from 1 January 2003, Singapore has adopted the "One-Tier" Corporate Tax System ("**One-Tier System**"). Under this One-Tier System, the tax collected from corporate profits is the final tax and the Company can pay tax exempt (one-tier) dividends which are tax exempt in the hands of its shareholders, regardless of the tax residency status or the legal form of the shareholders.

Our Company is in the One-Tier System. Hence, dividends paid by our Company will be exempt from tax in the hands of our Shareholders.

(iii) Bonus issues and scrip dividends

Under current Singapore tax law and practice, a capitalisation of profits followed by the issue of new shares, credited as fully paid, pro-rata to shareholders ("**bonus issue**") does not represent a distribution of dividends by a company to its shareholders. Therefore, a Singapore resident shareholder receiving shares by way of a bonus issue should not have a liability to Singapore tax.

When a dividend is to be satisfied wholly or in part in the form of an allotment of ordinary shares credited as fully paid, the dividend declared will be treated as income to its shareholders. However, as our Company is under the One-Tier System, such a dividend will be exempt from Singapore tax. Similarly, when our Shareholders are given the right to elect to receive an allotment of ordinary Shares credited as fully paid in lieu of cash, the dividend declared will be treated as exempt (one-tier) dividend income and will not be subject to Singapore tax.

(iv) Capital gains on disposal of ordinary shares

Singapore does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains may be construed to be of an income nature and subject to tax if they arise from activities which the Inland Revenue Authority of Singapore ("**IRAS**") regards as the carrying on of a trade or business in Singapore.

Any profits from the disposal of the Shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature in Singapore, in which case, the disposal profits would be taxable as trading income.

In addition, any gains or profits from disposal of ordinary shares by companies during the period 1 June 2012 to 31 May 2017 is exempt from tax if the divesting company had held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months.

(v) Adoption of FRS 39 treatment for Singapore income tax purposes

On 30 December 2005, the IRAS issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39 Financial Instruments: Recognition and Measurement" ("**FRS 39 Circular**").

Legislative amendments to give effect to the FRS 39 Circular have been enacted via the Income Tax (Amendment) Act 2006, with such amendments having been deemed to come into operation on 1 January 2005.

Prospective investors should consult their own accounting and tax advisors regarding FRS 39 and the related Singapore income tax consequences of their acquisition, holding or conversion of the Shares.

(vi) Stamp duty

There is no stamp duty payable on the subscription, allotment or holding of the Shares.

Stamp duty is payable on the instrument of transfer of the Shares at the rate of S$0.20 for every S$100 or any part thereof, computed on the amount or value of consideration. The amount or value of consideration is the actual consideration or market value of the Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty would be payable if the instrument of transfer which is executed outside Singapore is received in Singapore.

Stamp duty is, however, not applicable in respect of electronic transfers of the Shares through the Central Depository system.

(vii) Goods and Services Tax ("GST")

Generally, the issue, sale or transfer of ownership of shares by a person belonging in Singapore to another person belonging in Singapore is considered an exempt supply which is not subject to GST.

Hence, investors would not incur any GST on the subscription of our Shares. Expenses incurred in the course of subscribing to our Shares (e.g. legal fees and brokerage charges) may be subject to GST if the provider of such services is GST-registered. Where investors are GST-registered, GST incurred on these expenses is generally not recoverable as input tax credit from the IRAS.

The subsequent sale of our Shares by investors belonging in Singapore through SGX-ST or to another person belonging in Singapore is an exempt supply. The GST on expenses incurred in the course of making such a supply is generally not recoverable as input tax credit from the IRAS. Conversely, the sale of our Shares to purchasers belonging outside Singapore and who are outside Singapore when the sale transaction takes place is a zero-rated supply. The GST on expenses incurred in the process of making such zero-rated supply is recoverable by us as input tax credit from the IRAS.

EXCHANGE CONTROLS

Currently there are no exchange control restrictions on the repatriation of capital and remittance of profits into or out of Singapore.

KELVIN C·H·I·A YANGON LTD

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20 November 2017

STRICTLY CONFIDENTIAL

SHC CAPITAL ASIA LIMITED
302 Orchard Road, #10-01
Tong Building
Singapore 238862

Attention: Mr. Teo Yiam Beng Steven

Gentlemen:

SHC CAPITAL ASIA LIMITED'S (THE "COMPANY") PROPOSED ACQUISITION OF CERTAIN INTERESTS IN MYANMAR BUSINESSES

1. BACKGROUND

1.1 We have acted as legal adviser to the Company on Applicable Laws (as defined below) related to its proposed acquisition (the "**Acquisition**") of certain interests in relation to the businesses carried on in the Republic of the Union of Myanmar (**"Myanmar"**) described below:

(a) the hot-air balloon business operating under the name "Balloons over Bagan" and operated in Bagan and Inle Lake area, Myanmar which business uses certain parcels of land comprising five plots ("**5 Plots of BOB Land**") where an operations centre is currently under construction and the remainder plots ("**4 Plots of BOB Land**") which are being temporarily used for vehicle parking and/or the storage and warehousing of hot-air balloons (5 Plots of BOB Land and 4 Plots of BOB Land shall collectively be known as "**BOB Land**") and which business is currently owned, operated, managed, and/or held under Shwe Lay Ta Gun Travels and Tours Company Ltd ("**SLTG**") (the "**BOB Business"**);

(b) the business of a proposed hotel development under the name "Pun Hlaing Lodge" currently being constructed and developed on a parcel of land located in Hlaing Tharyar Township, Yangon ("**PHL Land**"), which business is owned and/or held by Pun Hlaing Lodge Hotel Management Ltd ("**PHLHML**") (the "**PHL Business**");

(c) the business of a proposed commercial and tourism-related hospitality development to be constructed and developed on a parcel of land located in Ywar Thit Myauk, Nyaung U ("**BL Land**") which is currently owned and/or held by Chindwin Investments Limited ("**CIL**") with the intent that such said business (the "**BL Business**") will be vested in CIL or an affiliate company of the Target (as defined below), subject to relevant Consents (as defined below) being obtained and such lawful restructuring as may be required in the circumstances;

(d) the hotel/lodge business operating under the name "Hpa-An Lodge" and located on a parcel of land in Hpa An Township, Karen State ("**HAL Land**"), which business is currently owned, operated, managed and/or held under Traditional Lodge Company Limited ("**TLH**") (the "**HAL Business**"); and

(e) the tourism and destination management business, operating under the name "Asia Holidays", which business is currently owned, operated, managed and/or held under Asia Holidays Travels & Tours Co., Ltd ("**AHTT**") (the "**DMC Business**"), whereby SLTG, PHLHML, CIL, TLH, and AHTT are collectively referred to herein as the "**Asset Holding Companies,**" and the BOB Business, the PHL Business, the BL Business, the HAL Business and the DMC Business are collectively referred to herein as the "**Target Businesses.**"

1.2 We are instructed that the Acquisition will be effected through the purchase ("**Share Purchase**") of 100% of the issued and paid up ordinary shares in the share capital of MM Myanmar Pte. Ltd. (the "**Target**"), a private limited company duly organised and validly existing under the laws of Singapore.

1.3 We are instructed that on or before completion of the Share Purchase, the Target will acquire:

(a) (Pursuant to the PHLHML SPA as defined in Annex 1) both directly by way of an acquisition of shares in PHLHML and indirectly through MM (PHL) Pte. Ltd. ("**PHL SPV**"), a private limited company duly organised and validly existing under the laws of Singapore, ownership of 100% of the issued shares of PHLHML;

(b) (Pursuant to the BOB SPA as defined in Annex 1) by way of an acquisition of shares in SLTG through MM (BOB) Pte. Ltd. ("**BOB SPV**"), a private limited company duly organised and validly existing under the laws of Singapore, ownership of 40% of the issued shares of SLTG;

(c) (Pursuant to the DMC SPA as defined in Annex 1) by way of acquisition of 301 issued shares representing approximately 60.1% of the issued share capital of AHTT, which 301 shares will be further reduced to 300 shares representing approximately 59.9% of the issued share capital of AHTT, pursuant to a transfer by DMC SPV of one share before completion of the Share Purchase;

(d) (Pursuant to the BOB DOA as defined in Annex 1) Economic Interests (as defined below) in respect of the remaining 60% of the issued shares of SLTG and (through the BOB POA as defined in Annex 1) certain powers and authority over such shares as set out under the terms of the BOB POA;

(e) (Pursuant to the DMC DOA as defined in Annex 1) Economic Interests in respect of the remaining 201 issued shares representing approximately 40.1% of the issued shares of AHTT and (through the DMC POA as defined in Annex 1) certain powers and authority over such shares as set out under the terms of the DMC POA;

(f) (Pursuant to the BL DOA as defined in Annex 1) Economic Interests in respect of 100% of the issued shares of CIL and (through the BL POA as defined in Annex 1) certain powers and authority over such shares as set out under the terms of the BL POA; and

(g) (Pursuant to the HAL DOA as defined in Annex 1) Economic Interests in respect of 100% of the issued shares of TLH and (through the HAL POA as defined in Annex 1) certain powers and authority over such shares as set out under the terms of the HAL POA.

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1.4 We are further instructed that the Asset Holding Companies and Target will be members of a group of related entities that is or will be engaged in tourism-related businesses focused on Myanmar, including, immediately after completion of the Share Purchase and predominantly, the management and operation of hotels, resorts and leisure attraction assets and investments in, assets and businesses in the tourism-related sector.

2. SCOPE OF OPINION

2.1 We have been requested by the Company to provide this opinion (the "**Opinion**") on the matters stated in paragraph 4 which are related to the Acquisition. This Opinion is issued in our capacity as Legal Adviser to the Company on the Applicable Laws. This Opinion relates solely and exclusively to the deeds of assignment ("**Deeds of Assignment**"), powers of attorney ("**POAs**"), share ("**SPAs**") and asset ("**APAs**") purchase agreements, share options ("**Share Options**") and land options ("**Land Options**"), executed and delivered or to be executed and delivered (as applicable), by the relevant parties thereto, and more particularly listed in **Annex 1**, copies of which were provided to us for examination for purposes of this Opinion. This Opinion is strictly limited to the matters stated in paragraph 4 and do not extend to any other matter or agreements or documents.

2.2 This Opinion is limited to the Applicable Laws of general application as at the date of this Opinion, and is given on the basis that it will be governed by and construed in accordance with the Applicable Laws as at the date of this Opinion. In issuing this Opinion, we do not advise on changes in the Applicable Laws that may occur after the date of this Opinion and we do not assume any obligation to notify you of any such changes subsequent to the date of this Opinion, including changes that may render the contents of this Opinion untrue or inaccurate in whole or in part. We have made no investigation of, and do not express or imply any views on, the laws of any country other than Myanmar and have assumed that the laws of all countries other than Myanmar have been fully complied with or do not have any effect on this Opinion.

3. SOURCES OF INFORMATION

3.1 For the purpose of issuing this Opinion, we have examined the Deeds of Assignment, POAs, SPAs, APAs, Share Options, and Land Options listed in **Annex 1,** and constitutional documents, corporate authorizations, and other documents listed **in Annex 2** (collectively referred to herein as the "**Relevant Documents**") which have been provided to us by the Company.

The parties under or referenced in the Relevant Documents, shall each be referred to as a "**Party**" and collectively, as "**Parties**".

3.2 For purposes of this Opinion:

"**Applicable Laws**" means the applicable laws of Myanmar, including subsidiary legislation, rules and regulations which have the force of law.

"**Consents**" means all approvals, consents, permits, recommendations, authorizations, concessions, exemptions, filings, grants, licenses, registrations, notarizations, orders, permission, permits, deposits, recordings or registrations, or the fulfilment of the procedures and requirements in relation thereto, whether required with, from, or by any governmental authority or any other person or entity.

"**Corporate Structure**" means the corporate structure resulting from completion of the Relevant Transactions in accordance with and subject to the terms of the Deeds of Assignment, POAs, SPAs and APAs, which corporate structure is summarised at Annex 3 of this Opinion.

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"**Economic Interests**" means (i) all economic, financial and monetary entitlements now or hereafter accruing or arising from the shares in an Asset Holding Company (save for PHLHML), including dividends and other distributions (whether in cash or in kind) or any return of capital or contribution that may be made in relation to or which may otherwise be attributable to such shares; and (ii) all rights, title, interests, claims, actions and remedies attached or attaching to all and any such entitlements referred to aforesaid.

"**Relevant Authority**" means in relation to the doing of any act or the conduct of any activity, business or transaction in Myanmar, the relevant governmental authority (or authorities) or ministry (or ministries) in Myanmar having charge of, and/or having regulatory authority or control over the doing of such act or the conduct of such activity, business or transaction.

"**Relevant Transactions**" means the transactions for restructuring of the relevant Asset Holding Companies and/or Target Businesses which transactions are expressed to be effected under the terms and conditions of the Deeds of Assignment, POAs, SPAs and APAs.

4. OPINIONS

4.1 On the basis of and subject always to and without prejudice to the overall application of **Schedule 1** (*Assumptions*) and **Schedule 2** (*Qualifications*) (which shall be regarded as an integral part of this Opinion) and the foregoing paragraphs of this Opinion, we are of the opinion that:

(a) **Legality, Validity, and Enforceability**

(i) Each Deed of Assignment, POA, SPA, APA, PHL Land Option (as defined below), PHL Share Option (as defined below), SLTG Share Option (as defined below), and AHTT Share Option (as defined below) constitutes valid, legal and binding obligations of the Parties thereto, and shall be enforceable against the Parties, in accordance with and subject to the terms thereof.

(ii) The BOB Land Option (as defined below), BL Land Option (as defined below), HAL Land Option (as defined below), CIL Share Option (as defined below) and TLH Share Option (as defined below), once duly executed and delivered, shall constitute valid, legal and binding obligations of the Parties thereto, and shall be enforceable against the Parties, in accordance with and subject to the terms thereof.

(iii) The execution and delivery of each Deed of Assignment, POA, SPA, APA, PHL Land Option, PHL Share Option, SLTG Share Option and AHTT Share Option, by each of the Parties thereto, are in compliance with the Applicable Laws subject further to the opinion set forth in paragraph 4.1(c).

(iv) The performance of each Relevant Transaction in accordance with and subject to the terms and conditions of each Deed of Assignment, POA, SPA, and APA (which will include for each SPA and APA the obtaining of the Consents therein referred to, however the same may be defined therein) by each of the Parties thereto, complies with the Applicable Laws which are relevant to such said Relevant Transaction.

(v) The Corporate Structure (as defined herein and summarised in Annex 3), complies with the Applicable Laws.

(b) **Corporate Power, Capacity, and Authorization**

(I) Each of TLH, CIL, SLTG, AHTT, Yoma Development Group Limited ("**YDG**"), Yoma Nominee Limited ("**YNL**"), Pun Hlaing Lodge Limited ("**PHL**"), PHLHML, Traditional Lodge Hotel Company Limited ("**HAL MM Co**"), and Riverside Bagan Limited ("**BL MM Co**") (the "**Myanmar Company Parties**"), has the corporate power and capacity to enter into and to perform its relevant obligations under the relevant Deed of Assignment, POA, SPA, APA, Land Option and Share Option to which it is a Party.

(ii) Each Myanmar Company Party, has taken all necessary corporate actions to authorize the execution, delivery and performance by it of the relevant Deed of Assignment, POA, SPA, APA, Land Option and Share Option to which it is a Party.

(c) **Approvals of Relevant Authorities**

(i) Save for the payment of stamp duties in accordance with the Myanmar Stamp Act for each Deed of Assignment, POA, SPA, APA, Land Option and Share Option (where the same has not been duly stamped on or prior to the date of this Opinion), no authorization, consent, permit or approval of, or other action by, or filing with or notice to, any Relevant Authority is required in connection with the execution and delivery by each relevant Party of the relevant Deed of Assignment, POA, SPA, APA, Land Option and Share Option to which it is a Party.

(ii) The creation of Economic Interests in the shares of SLTG, AHTT, TLH, and CIL (as the case may be), in the manner provided under each Deed of Assignment, in favour of each assignee under the said Deed of Assignment will not in itself give rise to any additional approval of any Relevant Authority, with regard to the operations of the relevant Target Businesses.

(d) **Deeds of Assignment and POAs**

(i) The Applicable Laws do not prohibit each assignee under each Deed of Assignment from holding Economic Interests in the shares of SLTG, AHTT, TLH, and CIL (as the case may be), in the manner provided under the said Deed of Assignment.

(ii) Each assignee under each Deed of Assignment has the ability to further assign or sell (in whole or in part) the Economic Interests in the shares of SLTG, AHTT, TLH, and CIL (as the case may be) pursuant to its rights, and in the manner provided, under the said Deed of Assignment.

(iii) The exercise of authority and powers by each attorney under each POA (where exercised in accordance with the terms of the said POA) include, *inter alia*, the ability to vote on the shares of SLTG, AHTT, TLH, and CIL (as the case may be) on matters falling within the purview of a shareholders' meeting, such as appointing and removing directors.

(iv) The authority and power to dispose of or transfer the business/assets of SLTG, AHTT, TLH, and CIL (as the case may be) is vested in their respective board of directors, subject to their respective company constitutions. The implementation of such disposal or transfer may be

subject to any necessary resolutions being passed by the respective shareholders of SLTG, AHTT, TLH, and CIL (as the case may be), and the necessary regulatory approvals, having regard to the Applicable Laws and prevailing policies at the relevant time of disposal and transfer.

5. BENEFIT AND DISCLAIMER

5.1 This Opinion is issued to the Company and is strictly limited to the matters stated herein and is not to be read as extending by implication to any other matter. Except for any disclosure of this Opinion to any relevant stock exchange or the circulation of this Opinion by the Company to its shareholders in connection with the Acquisition, it is not to be transmitted by the Company to any person or used by the Company for any other purpose. Notwithstanding the above, this Opinion is not to be relied upon by any person other than the Company. Other than the disclosure or circulation referred to above, it may not be quoted or referred to in any public document, or filed with any regulatory authority, without our prior written consent.

Sincerely

Kelvin Chia Yangon Ltd



ANNEX 1

(a) **Deeds of Assignment**

(i) A copy of the executed Deed of Assignment ("**BOB DOA**") dated 17 August 2017, executed outside of Myanmar, and produced to us for examination for purposes of this Opinion, and entered into between YDG (as assignor) and BOB SPV (as assignee) for the assignment by YDG of Economic Interests (as defined below) arising from the shares held by YDG in the share capital of SLTG, comprising sixty percent (60%) of the entire issued share capital of SLTG,

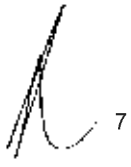
(ii) A copy of the executed Deed of Assignment ("**BL DOA 1**") dated 17 August 2017, executed outside of Myanmar, and produced to us for examination for purposes of this Opinion, and entered into between Serge Pun (as assignor) and MM (BL) Pte. Ltd. ("**BL SPV**") (as assignee) for the assignment by Serge Pun of Economic Interests arising from the shares held by Serge Pun in the share capital of CIL, comprising ninety-nine percent (99%) of the entire issued share capital of CIL.

(iii) A copy of the executed Deed of Assignment ("**BL DOA 2**") dated 17 August 2017, executed outside of Myanmar, and produced to us for examination for purposes of this Opinion, and entered into between U Tun Tun (as assignor) and BL SPV (as assignee) for the assignment by U Tun Tun of Economic Interests arising from the shares held by U Tun Tun in the share capital of CIL, comprising one percent (1%) of the entire issued share capital of CIL.

(iv) A copy of the executed Deed of Assignment ("**HAL DOA 1**") dated 17 August 2017, executed outside of Myanmar, and produced to us for examination for purposes of this Opinion, and entered into between U Myo Myint Tun ("**MMT**") (as assignor) and MM (HAL) Pte. Ltd. ("**HAL SPV**") (as assignee) for the assignment by MMT of Economic Interests arising from the shares held by MMT in the share capital of TLH, comprising sixty percent (60%) of the entire issued share capital of TLH.

(v) A copy of the executed Deed of Assignment ("**HAL DOA 2**") dated 17 August 2017, executed outside of Myanmar, and produced to us for examination for purposes of this Opinion, and entered into between Daw Baby Aye ("**DBA**") (as assignor) and HAL SPV (as assignee) for the assignment by DBA of Economic Interests arising from the shares held by DBA in the share capital of TLH, comprising forty percent (40%) of the entire issued share capital of TLH.

(vi) A copy of the stamped and executed Deed of Assignment ("**DMC DOA**") dated 22 September 2017, produced to us for examination for purposes of this Opinion, and entered into between U Tun Tun (as assignor) and DMC SPV (as assignee) for the assignment by U Tun Tun of Economic Interests arising from the shares held by U Tun Tun in the share capital of AHTT, comprising forty point one percent (40.1%) of the entire issued share capital of AHTT.



(b) **POAs**

(i) A copy of the stamped and executed POA ("**BOB POA**") dated 17 August 2017, produced to us for examination for purposes of this Opinion, executed by YDG (as principal), appointing the persons described therein, to act jointly and severally as attorneys to exercise certain powers and authority in relation to certain shares held by YDG in the share capital of SLTG, comprising sixty percent (60%) of the entire issued share capital of SLTG.

(ii) A copy of the stamped and executed POA ("**BL POA 1**") dated 17 August 2017, produced to us for examination for purposes of this Opinion, executed by Serge Pun (as principal), appointing persons described therein, to act jointly and severally as attorneys to exercise certain powers and authority in relation to the shares held by Serge Pun in the share capital of CIL.

(iii) A copy of the stamped and executed POA ("**BL POA 2**") dated 17 August 2017,, produced to us for examination for purposes of this Opinion, executed by U Tun Tun (as principal), appointing persons described therein, to act jointly and severally as attorneys to exercise certain powers and authority in relation to the shares held by U Tun Tun in the share capital of CIL.

(iv) A copy of the stamped and executed POA ("**HAL POA 1**") dated 17 August 2017, produced to us for examination for purposes of this Opinion, executed by MMT (as principal), appointing persons described therein, to act jointly and severally as attorneys to exercise certain powers and authority in relation to the shares held by MMT in the share capital of TLH.

(v) A copy of the stamped and executed POA ("**HAL POA 2**") dated 17 August 2017, produced to us for examination for purposes of this Opinion, executed by DBA (as principal), appointing persons described therein, to act jointly and severally as attorneys to exercise certain powers and authority in relation to the shares held by DBA in the share capital of TLH.

(vi) A copy of the stamped and executed POA ("**DMC POA**") dated 22 September 2017, produced to us for examination for purposes of this Opinion, executed by U Tun Tun (as principal), appointing persons described therein, to act jointly and severally as attorneys to exercise certain powers and authority in relation to the shares held by U Tun Tun in the share capital of AHTT.

(c) **SPAs**

(i) A copy of the executed SPA ("**BOB SPA**") dated 17 August 2017, executed outside of Myanmar, and produced to us for examination for purposes of this Opinion, and entered into between YDG and YNL (as sellers), BOB SPV (as buyer), and SLTG (as the company), for the sale and purchase of forty percent (40%) of the issued share capital of SLTG.

(ii) A copy of the executed SPA ("**PHLHML SPA**") dated 17 August 2017, executed outside of Myanmar, and produced to us for examination for purposes of this Opinion, and entered into between Yoma Development Group Pte. Ltd. ("**YDGP**") and SPA Project Management Pte. Ltd. ("**SPAPM**") (as sellers), PHL SPV and Target (as buyers), and PHLHML (as the company), for the sale and purchase of the entire issued share capital of PHLHML.

(iii) A copy of the executed SPA ("**DMC SPA**") dated 17 August 2017, executed outside of Myanmar, and produced to us for examination for purposes of this Opinion, and

entered into between JMR and Alain Pierre Eugene Roman ("**APR**") (as sellers), DMC SPV (as buyer), and AHTT (as the company), for the sale and purchase of 301 shares in the issued share capital of AHTT.

(d) **APAs**

(i) A copy of the executed APA ("**HAL APA**") dated 17 August 2017, executed outside of Myanmar, and produced to us for examination for purposes of this Opinion, and entered into between TLH (as seller), HAL SPV (as investor), Traditional Lodge Hotel Company Limited ("**HAL MM Co,**" as buyer), and MMT, for the sale and purchase of the HAL Business.

(ii) A copy of the executed APA ("**BL APA**") dated 17 August 2017, executed outside of Myanmar, and produced to us for examination for purposes of this Opinion, and entered into between CIL (as seller), BL SPV (as investor), and Riverside Bagan Limited ("**BL MM Co,**" as buyer), for the sale and purchase of the BL Business.

(e) **Land Options**

(i) A copy of the executed Land Option over the PHL Land dated 20 November 2017, executed outside of Myanmar, produced to us for examination for purposes of this Opinion, and entered into between PHL and PHLHML ("**PHL Land Option**").

(ii) The form of the Land Option over the BOB Land, to be entered into between CIL and SLTG, and produced to us for examination for purposes of this Opinion ("**BOB Land Option**").

(iii) The form of the Land Option over the BL Land , to be entered into between CIL and BL MM Co, and produced to us for examination for purposes of this Opinion ("**BL Land Option**").

(iv) The form of the Land Option over the HAL Land , to be entered into between TLH and HAL MM Co, and produced to us for examination for purposes of this Opinion ("**HAL Land Option**").

(f) **Share Options**

(i) A copy of the executed Share Option over certain shares in AHTT dated 20 November 2017, executed outside of Myanmar, produced to us for examination for purposes of this Opinion, and entered into between U Tun Tun and DMC SPV ("**AHTT Share Option**").

(ii) A copy of the executed Share Option over certain shares in SLTG dated 20 November 2017, executed outside of Myanmar, produced to us for examination for purposes of this Opinion, and entered into between YDG and BOB SPV ("**SLTG Share Option**").

(iii) A copy of the executed Share Option over the shares of PHL dated 20 November 2017, executed outside of Myanmar, produced to us for examination for purposes of this Opinion, and entered into between YNL, Serge Pun, and PHL SPV ("**PHL Share Option**").

(iv) The form of the Share Option over the shares of TLH, to be entered into between MMT, DBA, and HAL SPV, and produced to us for examination for purposes of this Opinion ("**TLH Share Option**")

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(v) The form of the Share Option over the shares of CIL , to be entered into between Serge Pun, U Tun Tun, and BL SPV, and produced to us for examination for purposes of this Opinion ("**CIL Share Option**").



ANNEX 2

(a) **Constitutional Documents**

Copies of the constitutional documents of the Myanmar Company Parties as listed below:

SLTG
- (i) Certificate of Incorporation No. 470FC/2017-2018 (YGN) with effect from 1 January 2016.
- (ii) Amended Form of Permit No. 470FC/2017-2018 (YGN) dated 13 September 2017.
- (iii) Amended Memorandum of Association dated 28 April 2017.
- (iv) Articles of Association dated 28 April 2017.

AHTT
- (i) Renewal Certificate of Incorporation No. 26FC/2000-2001 with effect from 28 July 2015.
- (ii) Renewed Form of Permit No. 041/2000 dated 21 August 2015.
- (iii) Memorandum of Association dated 19 May 2000.
- (iv) Articles of Association dated 19 May 2000.

PHL
- (i) Renewal Certificate of Incorporation No. 3112/2012-2013 with effect from 26 October 2015.
- (ii) Memorandum of Association dated 19 October 2012.
- (iii) Articles of Association dated 19 October 2012.

PHLHML
- (i) Certificate of Incorporation No. 452FC/2016-2017(YGN) with effect from 29 August 2016.
- (ii) Amended Form of Permit No. 452FC/2016-2017(YGN) dated 25 August 2017.
- (iii) Memorandum of Association dated February 2016 (stamped by the Companies Registration Office ("**CRO**") of the Directorate of Investment and Company Administration ("**DICA**") on 26 August 2016).
- (iv) Articles of Association dated February 2016 (stamped by the CRO of the DICA on 26 August 2016).

CIL
- (i) Certificate of Incorporation No. 2367/2013-2014 dated 14 August 2013.
- (ii) Memorandum of Association dated 12 August 2013.
- (iii) Articles of Association dated 12 August 2013.

TLH
- (i) Certificate of Incorporation No. 3199/2013-2014 dated 1 October 2013.
- (ii) Memorandum of Association dated 19 September 2013.
- (iii) Articles of Association dated 19 September 2013.

HALL MM Co
- (i) Certificate of Incorporation No. 1190 FC of 2016-2017 (YGN) with effect from 31 March 2017.
- (ii) Form of Permit No. 1190 FC/2016-2017 (YGN) dated 31 March 2017.
- (iii) Memorandum of Association dated 31 March 2017.
- (iv) Articles of Association dated 31 March 2017.

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BL MM Co

(i) Certificate of Incorporation No. 1191 FC of 2016-2017 (YGN) with effect from 31 March 2017.
(ii) Form of Permit No. 1191 FC/2016-2017 (YGN) dated 31 March 2017.
(iii) Memorandum of Association dated 31 March 2017.
(iv) Articles of Association dated 31 March 2017.

YDG

(i) Renewal Certificate of Incorporation No. 11/1994-1995 dated 28 August 2013.
(ii) Memorandum of Association dated 21 March 1994.
(iii) Articles of Association dated 21 March 1994.

YNL

(i) Certificate of Incorporation No. 4227/2014-2015 dated 26 November 2014.
(ii) Memorandum of Association dated 17 November 2014.
(iii) Articles of Association dated 17 November 2014.

(b) **Corporate Authorizations**

Copies of the executed corporate authorizations of the Myanmar Company Parties as listed below:

(i) TLH Directors' and Shareholders' Minutes and Resolutions dated 10 August 2017 authorizing the entry by TLH into any document in connection with the acquisition, disposal, vesting or other transfer of interest in the shares, business, operations and/or assets of TLH.

(ii) A copy of the stamped and executed power of attorney dated 10 August 2017, executed by TLH (as principal), appointing the person described therein, to act as attorney to execute on TLH's behalf, any document in connection with the acquisition, disposition, vesting, or other transfer in the shares, business, operations, and/or assets of TLH.

(iii) CIL Directors' and Shareholders' Minutes and Resolutions dated 10 August 2017 authorizing the entry by CIL into the BL APA.

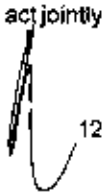
(iv) A copy of the stamped and executed power of attorney dated 10 August 2017, executed by CIL (as principal), appointing the persons described therein, to act jointly and severally as attorneys to execute on CIL's behalf, any document in connection with the disposal of CIL's assets, business and/or operations, including the BL APA.

(v) YDG Directors' and Shareholders' Minutes and Resolutions dated 10 August 2017 authorizing the entry by YDG into the BOB SPA.

(vi) A copy of the stamped and executed power of attorney dated 10 August 2017, executed by YDG (as principal), appointing the persons described therein, to act jointly and severally as attorneys to execute certain documents on YDG's behalf.

(vii) YNL Directors' and Shareholders' Minutes and Resolutions dated 10 August 2017 authorizing the entry by YNL into the BOB SPA.

(viii) A copy of the stamped and executed power of attorney dated 10 August 2017, executed by YNL (as principal), appointing the persons described therein, to act jointly and severally as attorneys to execute certain documents on YNL's behalf.



(ix) PHL Directors' and Shareholders' Minutes and Resolutions dated 16 November 2017 authorizing the entry by PHL into the PHL Land Option.

(x) A copy of the stamped and executed power of attorney dated 10 August 2017, executed by PHL (as principal), appointing the persons described therein, to act jointly and severally as attorneys to execute certain documents on PHL's behalf.

(xi) PHLHML's Directors and Shareholders' Minutes and Resolutions dated 10 August 2017 authorizing the entry by PHLHML into the PHLHML SPA.

(xii) PHLHML Directors' and Shareholders' Minutes and Resolutions dated 16 November 2017 authorizing the entry by PHLHML into the PHL Land Option.

(xiii) A copy of the stamped and executed power of attorney dated 15 August 2017, executed by PHLHML (as principal), appointing the persons described therein, to act jointly and severally as attorneys to execute certain documents on PHLHML's behalf.

(xiv) AHTT Directors' and Shareholders' Minutes and Resolutions dated 10 August 2017 authorizing the entry by AHTT into the DMC SPA.

(xv) A copy of the stamped and executed power of attorney dated 10 August 2017, executed by AHTT (as principal), appointing the person described therein, to execute on AHTT's behalf, any document in connection with the acquisition, disposition, vesting, or other transfer in the shares, business, operations, and/or assets of AHTT.

(xvi) SLTG Directors' and Shareholders' Minutes and Resolutions dated 10 August 2017authorizing the entry by SLTG into the BOB SPA.

(xvii) SLTG Directors' and Shareholders' Minutes and Resolutions dated 16 November 2017 authorizing the entry by SLTG into the BOB Land Option.

(xviii) A copy of the stamped and executed power of attorney dated 10 August 2017, executed by SLTG (as principal), appointing the persons described therein, to act jointly and severally as attorneys to execute any document in connection with the acquisition of SLTG's shares on SLTG's behalf.

(xix) CIL Directors' and Shareholders' Minutes and Resolutions dated 16 November 2017 authorizing the entry by CIL into the BOB Land Option and BL Land Option.

(xx) HAL MM Co Directors' and Shareholders' Minutes and Resolutions dated 10 August 2017 authorizing the entry by HAL MM Co into the HAL APA.

(xxi) A copy of the stamped and executed power of attorney dated 10 August 2017, executed by HAL MM Co (as principal), appointing the persons described therein, to act jointly and severally as attorneys to execute any document in connection with our acquisition of the assets, business, and/or operations of Traditional Lodge Hotel Company Limited, on HAL MM Co's behalf.

(xxii) HAL MM Co's Directors and Shareholders' Minutes and Resolutions dated 16 November 2017 authorizing the entry by HAL MM Co into the HAL Land Option.

(xxiii) TLH Directors' and Shareholders' Minutes and Resolutions dated 16 November 2017 authorizing the entry by TLH into the HAL Land Option.

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(xxiv) BL MM Co Directors' and Shareholders' Minutes and Resolutions dated 10 August 2017 authorizing the entry by BL MM Co into the BL APA.

(xxv) A copy of the stamped and executed power of attorney dated 10 August 2017, executed by BL MM Co (as principal), appointing the persons described therein, to act jointly and severally as attorneys to execute any document in connection with the acquisition of the assets, business and/or operations of Chindwin Investments Limited, on BL MM Co's behalf.

(xxvi) BL MM Co's Directors and Shareholders' Minutes and Resolutions dated 16 November 2017 authorizing the entry by BL MM Co into the BL Land Option.

(xxvii) YNL Directors' and Shareholders' Minutes and Resolutions dated 16 November 2017 authorizing the entry by YNL into the PHL Share Option.

(xxviii) YDG Directors' and Shareholders' Minutes and Resolutions dated 16 November 2017 authorizing the entry by YDG into the SLTG Share Option.

(c) **Other Documents**

(i) A copy of the letter ("**Share Transfer Application**") dated 5 June 2017 from SLTG to the Myanmar Investment Commission ("**MIC**"), requesting among others that the MIC approve the acquisition by BOB SPV, a foreign investor, of 60% of the total issued and paid up shares in SLTG ("**Share Transfer**"), and that the MIC confirms that the approval of the Ministry of Transport and Communication (**"MOTC"**) is not required for foreign investment in SLTG.

(ii) A copy of MIC Endorsement No. 008/2017 and the accompanying decision letter, issued on 5 July 2017 further to the Share Transfer Application, approving among others, the endorsement for investment in passenger transport business by hot-air balloon under the name of SLTG, submitted by BOB SPV (60%) from Singapore, and YDG (40%) from Myanmar, as a joint venture investment in accordance with the 2016 Myanmar Investment Law ("**MIL**") and the MIL's implementing rules.

(iii) I) Copies of the stamped and executed share transfer forms dated 17 August 2017, with respect to the transfer of 324 shares in the issued share capital of SLTG from YDG to BOB SPV, and 540 shares in the issued share capital of SLTG from YNL to BOB SPV; ii) A copy of the corresponding Certificate of Registration of Documents issued by the CRO of the DICA on 23 August 2017, evidencing the due filing and registration of the said share transfer forms, for the transfer of a total of 864 shares (40% of the issued share capital of SLTG), to BOB SPV; and iii) A copy of the stamped and executed share certificate no. 12 dated 17 August 2017, issued to BOB SPV for a total of 864 shares (share distinctive numbers 1-374, 801-1000, 1871-2160) in the issued share capital of SLTG.

(iv) A copy of the MIC's letter, dated 13 July 2017, approving among others, the transfer of 99% of the issued shares of PHLHML held by YDGP to PHL SPV, and 1% of the issued shares of PHLHML held by SPAPM to Target.

(v) A copy of the executed deed of undertaking dated 29 August 2017, executed outside of Myanmar, and issued by CIL and its registered shareholders in favour of Target and BL SPV, to perform (or procure the performance of) all further acts and things and execute and deliver (or procure the execution and delivery of) such further documents, as may be necessary or required by Applicable Laws and/or the Target and/or BL SPV for purposes of the successful implementation of the BL Business.

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(vi) A copy of the stamped and executed power of attorney dated 10 August 2017, executed by Serge Pun (as principal), appointing the person described therein, to execute certain documents on his behalf.

(vii) Copies of the following documents evidencing the age of majority of the relevant individuals:

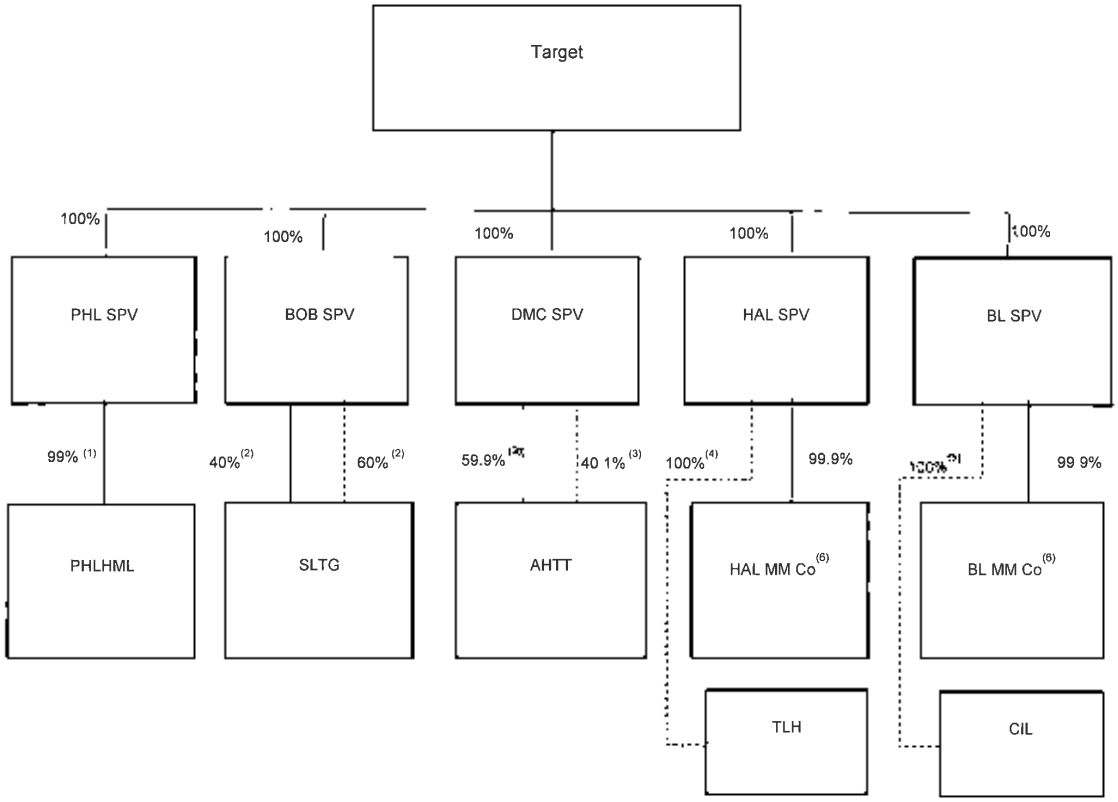
a. National Registration Card of MMT.
b. National Registration Card of DBA.
c. National Registration Card of Serge Pun.
d. National Registration Card of U Tun Tun.
e. Bio page of the passport of JMR.
f. Bio page of the passport of APR.

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ANNEX 3

CORPORATE STRUCTURE



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Notes:

(1) The remaining 1.0% equity interest of PHLHML is held directly by the Target.

(2) BOB SPV holds the legal and beneficial ownership of 40.0% of the issued share capital of SLTG and holds Economic Interests in respect of the remaining 60.0% of the issued share capital of SLTG subject to the terms of the BOB DOA, and certain powers and authority over such shares subject to the terms of the BOB POA.

(3) DMC SPV holds the legal and beneficial ownership of 300 shares (less 1 share from the 301 shares initially acquired, and resulting from the transfer referred to in Paragraph 1.3 (c) of the Opinion) representing approximately 59.9% of the issued share capital of AHTT, and holds Economic Interests in respect of the remaining 201 shares representing approximately 40.1% of the issued share capital of AHTT subject to the terms of the DMC DOA and certain powers and authority over such shares subject to the terms of the DMC POA.

(4) HAL SPV holds Economic Interests in respect of 100.0% issued share capital of TLH subject to the terms of the HAL DOA 1 and HAL DOA 2 and certain powers and authority over such shares subject to the terms of the HAL POA 1 and HAL POA 2, pending completion of the transfer of the HAL Business in relation to which any immovable property held by TLH is used for purposes thereof. Pursuant to and subject to the implementation of the HAL APA in accordance with the terms of the HAL APA, HAL MM Co shall acquire the HAL Business and obtain a long term lease (of such duration of more than one year as further set out in the HAL APA) in respect of the HAL Land, which is used for the HAL Business, from TLH.

(5) BL SPV holds Economic Interests in respect of the 100.0% issued share capital of CIL subject to the terms of the BL DOA 1 and BL DOA 2 and certain powers and authority over such shares subject to the terms of the BL POA1 and BL POA2, pending completion of the transfer of the BL Business in relation to which any immovable property held by CIL (other than the BOB Land) is used for purposes thereof. Pursuant to and subject to the implementation of the BL APA in accordance with the terms of the BL APA, BL MM Co shall acquire the BL Business and obtain a long term lease (of such duration of more than one year as further set out in the BL APA) in respect of the BL Land, which is to be used for the BL Business, from CIL.

(6) BL SPV and HAL SPV hold 99.99% of the issued share capital of BL MM Co and HAL MM Co respectively, the remaining 0.1% of the issued share capital of BL MM Co and HAL MM Co being held directly by Target.



SCHEDULE 1

ASSUMPTIONS

This Opinion is subject to the following assumptions:

1. Each of the BOB Land Option, BL Land Option, HAL Land Option, CIL Share Option and the TLH Share Option ("**Applicable Documents**") provided to us conforms in all respects (apart from the details to be inserted in the bracketed portions of the Applicable Documents) to the final version thereof which each Party will enter into, execute, deliver and perform (as applicable).

2. Each Party will obtain and maintain all Consents and all corporate approvals that may be required under its constitutional documents or the laws of each jurisdiction, and will have and maintain all corporate authorizations and capacity that may be applicable, and take all other actions required to enter into, execute and deliver the Applicable Documents to which it is a Party.

3. No Party entering into any Deed of Assignment, POA, SPA, APA, Land Option or Share Option, will be induced to enter into it by fraud, misrepresentation or, undue influence or on the basis of a mistake of fact or law or believing the Deed of Assignment, POA, SPA, APA, Land Option or Share Option to be fundamentally different in substance or in kind from what it is, and such that the Deed of Assignment, POA, SPA, APA, Land Option or Share Option is not regarded as the intended act of the relevant Party.

4. For each Applicable Document that is to be executed by any person in Myanmar, we assume that the said Applicable Document will be stamped (proper stamp duties paid), before or at the time of execution.

5. For each Relevant Document that is executed by each party thereto outside of Myanmar, and is subsequently brought into Myanmar, we assume that the said Relevant Document will be duly stamped (proper stamp duties paid) within three months after it has been first received in Myanmar, in accordance with the 1899 Myanmar Stamp Act (as the same may be amended or supplemented from time to time).

6. We assume that each Relevant Document that is required by the 1909 Registration Act (as the same may be amended or supplemented from time to time) ("**Registration Act**") to be registered, is duly registered with the proper authority within four months from the date of its execution, in accordance with the Registration Act.

7. Upon completion of the transfer of the BL Business in relation to which any immovable property held by CIL is used for purposes of the BL Business, the Economic Interests assigned under the BL DOA 1 and BL DOA 2 will be re-assigned to each of their respective assignors. Upon completion of the transfer of the HAL Business in relation to which any immovable property held by TLH is used for purposes thereof, the Economic Interests assigned under the HAL DOA 1 and HAL DOA 2 will be re-assigned to each of their respective assignors.

8. All land, buildings, and fixtures and other real property owned or held by each of the Asset Holding Companies are held by or vested in the relevant Asset Holding Company solely for purposes of the relevant Target Business and not for any other purposes, in particular:

   (i) the HAL Land is used for the purposes of the HAL Business;

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(ii) the BL Land is to be used for the purposes of the BL Business;

(iii) the PHL Land is to be used for the purposes of the PHL Business; and

(iv) the BOB Land is to be used for the purposes of the BOB Business.

9. Each Relevant Document, and all statements and other information contained in or stated by the Relevant Document, are accurate, correct, complete, true and up-to-date, and have not been withdrawn, rescinded, or revoked. All Relevant Documents are authentic and all signatures, stamps and certifications are genuine and made or affixed by the person whom they purport to be made or affixed, and if a Relevant Document provided to us is a copy, it conforms to the original.

10. Each Party to a Deed of Assignment, POA, SPA, APA, Land Option or Share Option will satisfy the applicable legal requirements and formalities of each jurisdiction that may be applicable (other than Myanmar), that are necessary to make the Deed of Assignment, POA, SPA, APA, Land Option or Share Option enforceable against that Party.

11. Each Party which is a natural person is of the age of majority under the laws of each relevant jurisdiction of which he or she is a subject (other than Myanmar). Each Party is of full legal capacity, and is of sound mind, and is further not otherwise disqualified to enter into, execute, deliver and perform (as applicable) any Relevant Transaction or any Deed of Assignment, POA, SPA, APA, Land Option or Share Option to which it is a Party, by the laws of each relevant jurisdiction to which he or she is subject. Each Party to any Deed of Assignment, POA, SPA, APA, Land Option or Share Option that is a natural person is able to read and understand the English language.

12. (a) Each Party which is a corporate entity established outside of Myanmar is duly organized and subsisting in accordance with the laws of each jurisdiction which may be applicable, has obtained all required Consents in order to carry out its respective businesses and activities, and (b) each of such Party, as well as its individual authorized signatories, has the requisite power, capacity and authority to enter into, execute, deliver and perform (as applicable) each Relevant Transaction and each Deed of Assignment, POA, SPA, APA, Land Option or Share Option to which it is a Party, in accordance with the laws of each jurisdiction which may be applicable and has duly executed and delivered the same in accordance with all required Consents.

13. No Party entering into any Relevant Transaction or any Deed of Assignment, POA, SPA, or APA will do or omit to do any act or thing permitted under any Deed of Assignment, POA, SPA, APA, Land Option or Share Option that would result in a violation of the laws of any jurisdiction which may be applicable or constitute a breach or default under any other agreement or instrument, or administrative or court order.

14. The DMC Business excludes computer reservation system services.

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SCHEDULE 2

QUALIFICATIONS

This Opinion is subject to the following qualifications:

1. For the purposes of this Opinion, other than the Relevant Documents, we have not examined any other documents. Other than the Deeds of Assignment, POAs, SPAs APAs, Land Options and Share Options, we express no opinion whatsoever with respect to any other agreements or documents including that which are mentioned, or referred to in or contemplated by any of the Relevant Documents, or the contents or provisions of any other agreement or document which may affect the execution, delivery, and/or performance of obligations of the Deeds of Assignment, POAs, SPAs, APAs, Land Options and Share Options.

2. In rendering this Opinion, we have relied only and exclusively upon our examination of the Relevant Documents and not on any matter extrinsic thereto including but not limited to any matter arising in the course of negotiations between the Parties whether or not such matter is made known to us.

3. We express no opinion on and make no comment as to any matter of fact, or in respect of the content, adequacy or sufficiency of any commercial terms or consideration, negotiated or reflected in the Relevant Documents.

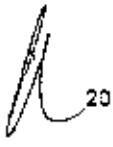
4. This Opinion is based solely on the Applicable Laws, and opinions and decisions of the courts of Myanmar that are published and readily available to the public, and in effect as at the date of this Opinion.

5. The application of the Applicable Laws may be affected by subjective criteria, the exercise of discretionary powers and overridden by matters of government and economic policies whether published or unpublished, internal or otherwise of the Government of Myanmar, which may affect the interpretation or application of, or result in a restrictive interpretation or application of, the Applicable Laws (including that relating to direct or indirect foreign participation in assets, businesses or properties in Myanmar or economic, financial and monetary entitlements accruing or arising therefrom) and such matters may thereby affect the matters expressed in this Opinion.

6. The enforcement by the Myanmar courts of any terms, rights and/or remedies under any Deed of Assignment, POA, SPA, APA, Land Option or Share Option (where any original action to enforce that Deed of Assignment, POA, SPA, APA, Land Option or Share Option is commenced in the Myanmar courts), or the enforcement of an arbitral award obtained from the Singapore International Arbitration Centre (to the extent that such arbitral awards are recognised and enforced by the Myanmar courts), may be limited by:

   (a) the exercise of discretion of the Myanmar courts under which they may (i) award equitable remedies such as specific performance or injunctive relief or restitution or damages or costs as appropriate or (ii) limit the quantum of any damages which may be awarded;

   (b) any condition or restriction imposed by the Myanmar Arbitration Law or rules of court or procedures applicable to or adopted by the courts in Myanmar or any law or statute of limitation (including the Limitation Act of Myanmar) or are subject to allegations of breach of contract or defences of set-off, counter-claim or counter-action; and



(c) to the extent that any obligation expressed to be assumed, or any transaction sought to be implemented, under the Relevant Documents is subject to or affected or regulated by the laws of a jurisdiction outside Myanmar, the laws of such jurisdiction.

7. The ability to source foreign exchange within or without the Myanmar banking system and the ability to repatriate foreign exchange out of Myanmar are subject to Applicable Laws on foreign exchange and applicable Consents.

8. We express no opinion as to tax laws and any taxation or tax liability that may arise in relation to the entry into, execution, delivery and performance of any Deed of Assignment, POA, SPA, APA, Land Option or Share Option (as applicable), antitrust, competition or trade regulation laws, bankruptcy, insolvency or fraudulent transfer laws, antifraud laws, principles of equity, inheritance, succession and intestacy laws, marriage, caste or religious laws, usury laws, rules of the arbitration tribunals selected by or referred to by the Parties in any Deed of Assignment, POA, SPA, APA, Land Option or Share Option regardless of whether such laws or matters may affect the legality, validity, binding effect of or enforceability of any Deed of Assignment, POA, SPA APA, Land Option or Share Option or any provision therein.

9. We express no opinion on, and have not in the provision of this Opinion verified whether the performance of the PHLHML SPA, the BOB SPA and/or the DMC SPA prior to the date of this Opinion was in accordance with, and subject to the terms and conditions of the PHLHML SPA, the BOB SPA and/or the DMC SPA (as the case may be).



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ROBERT KHAN

- Chartered Surveyors
- Valuers of
  - Plant & Machinery
  - Real Estate
  - Businesses
  - Fine Arts
- Auctioneers & Agents
- Facilities & Project Managers
- Capital Allowance Claims Consultants

RICS

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27 June 2017

SHC Capital Asia Limited
302 Orchard Road
#10-01
Singapore 238862

Attention: Mr Steven Teo

Dear Sir

VALUATION CERTIFICATE ON THE VALUATION OF

1) **AN UNDER-CONSTRUCTION 46-ROOM BOUTIQUE HOTEL IN PUN HLAING ESTATE, HLAING THARYAR TOWNSHIP, YANGON REGION, UNION OF MYANMAR**

2) **19-ROOM HPA AN LODGE LOCATED AT THE WESTERN BASE OF MOUNT ZWEKABIN, 7 KILOMETRES SOUTH-EAST OF HPA AN TOWN CENTRE ALONG HPA AN – TAW PON VILLAGE ROAD, KAYIN (KAREN) STATE, UNION OF**

3) **A PLOT OF 4.31-ACRE VACANT DEVELOPMENT LAND LOCATED IN THE VICINITY OF NYAUNG-U TOWN CENTRE, NYAUNG-U DISTRICT, MANDALAY REGION, UNION OF MYANMAR**

In accordance with your instructions, we have inspected the abovementioned properties on 5 to 7 June 2017 and have assessed the Market Value of the Subject Properties for the purpose of Possible Acquisition, following which full valuation reports have been prepared.

This Valuation Certificate is prepared for the purpose of inclusion into SHC Capital Asia Limited shareholders' circular.

Market Value is defined in International Valuation Standards as "the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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Robert Khan & Co Pte Ltd 简有为国际商业资产及机械咨询公司 *Registration No. 199305890G*
261 Waterloo Street, #04-24, Waterloo Centre, Singapore 180261
Tel: +65 6333 5668 Fax: +65 6333 5670 E-mail: info@robertkhanco.com Website: www.robertkhanco.com
Australia • China • Hong Kong • India • Indonesia • Malaysia • Myanmar • Philippines • South Africa • South Korea • Taiwan • United Kingdom • USA
INTERNATIONAL BUSINESS ASSETS CONSULTANTS

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The valuation was carried out independently by Robert Khan & Co Pte Ltd where the partners or directors of the firm are neither the directors nor employees of the client and they do not have any interest, direct or indirect, in the client; and the client does not have any significant financial interest, direct or indirect, in the firm.

Brief description of the Subject Properties are as follows:

1) Pun Hlaing Lodge

Purpose	:	Proposed acquisition of 100% equity interest in MM Myanmar Pte Ltd by SHC Capital Asia Limited.
Subject Property	:	An under-construction 6-storey 46-room upscale city-resort boutique hotel with conference/banquet facilities, restaurants, meeting rooms and other supporting facilities located within an on-going mixed development known as Pun Hlaing Estate (PHE), Hlaing Tharyar Township, Yangon Region, Union of Myanmar.
Location	:	PHE is being developed on a 652-acre peninsula at approximately 12 kilometres by road north-west of downtown Yangon, the commercial capital of the Union of Myanmar. PHE is a gated community with an 18-hole golf and country clubs; a private hospital; an international school; residential units of terrace, semi-detached and detached houses and condominiums / apartments.

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1) Pun Hlaing Lodge (cont'd)

Location (cont'd)		Situated in PHE's immediate vicinity are the Hlaing Tharyar Industrial Zone, FMI City, Nyaung Village and Daing Su Vilage. Hlaing Tharyar Industrial Zone is one of the largest industrial areas in the country covering an area of approximately 1,100 acres.
Land Area	:	2.196 acres
Tenure (*)	:	A lease term for 30 years' period from the date of opening of the completed hotel with 5 years extension for 4 times totalling 50 years.
Method of Valuation	:	Profit Method & Residual Method of Valuation
Basis of Valuation	:	Market Value
Date of Inspection	:	5 June 2017
Date of Valuation	:	31 March 2017

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1) Pun Hlaing Lodge (cont'd)

Market Value	:	**On "As-is" Basis**	: **USD17,310,000 (United States Dollars Seventeen Million Three Hundred and Ten Thousand only)** **SGD24,183,801 (Singapore Dollars Twenty Four Million One Hundred Eighty Three Thousand Eight Hundred and One only)** *Based on rate of USD1 to SGD1.3971 as at 31 March 2017, compiled by Bloomberg.*

2) Hpa An Lodge

Purpose	:	Proposed acquisition of 100% equity interest in MM Myanmar Pte Ltd by SHC Capital Asia Limited.
Type of Property	:	A 19-room villa-style boutique resort hotel known as Hpa An Lodge located about 7 kilometres to the south-east of Hpa An town centre along Hpa An – Taw Pon Village Road, the Kayin (Karen) State's capital, Union of Myanmar.

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2) Hpa An Lodge (cont'd)

Location (cont'd)	:	The hotel is sited at the western base of the famous 720-meter Mount Zwekabin, which is one of the most sacred mountains in the country with a pagoda sitting atop. There are 1,080 carved Buddha statues at the south-western base of the mountain. The vicinity of the hotel is mainly farmlands planted with food and/or industrial crops, uncultivated lands and forest lands. There are village lands scattered sporadically along the main road and they are built with wooden houses with grass/palm thatched roof or metal sheets roof, and 1-storey or 2-storey concrete-and-brickwalls houses.
Land Area	:	2.48 acres
Tenure (*)	:	The subject land is held under a 10-year lease commencing from 6 October 2016. Remaining unexpired lease term is about 9.5 years.
Method of Valuation	:	Profit Method of Valuation
Basis of Valuation	:	Market Value
Date of Inspection	:	7 June 2017
Date of Valuation	:	31 March 2017

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2) Hpa An Lodge (cont'd)

Market Value	:	**USD2,400,000** **(United States Dollars Two Million and Four Hundred Thousand only)** **SGD3,353,040** **(Singapore Dollars Three Million Three Hundred Fifty Three Thousand and Forty only)** *Based on rate of USD1 to SGD1.3971 as at 31 March 2017, compiled by Bloomberg.*

3) Bagan Land

Purpose	:	Proposed acquisition of 100% equity interest in MM Myanmar Pte Ltd by SHC Capital Asia Limited.
Type of Property	:	A plot of 4.31-acre main road-fronting and Ayeyarwady River-fronting vacant development land made up of 15 smaller adjoining land plots located in the vicinity of Nyaung-U town centre, Nyaung-U District, Mandalay Region, Union of Myanmar. It bears a postal address of No. 12, Youne Tan Yat, 4 Quarter, Nyaung-U, Bagan 1234, Myanmar.

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3) Bagan Land (cont'd)

Location	:	Nyaung-U town centre, which is surrounded by numerous residential quarters and villages, provides most of the major commercial facilities, public services and recreational amenities. Workshops, restaurants, eateries, shops, offices, banks, petrol stations, hotels, pagodas, temples and monasteries line along the main roads. Old Bagan, well known for its Bagan Archaeological Area, is located at some 8 kilometres to the south-west of Nyaung-U town centre. It is an ancient city with rich history dated back to 9th century. Buddhist monuments, temples and pagodas combine to form one of the richest archaeological sites in Asia, making it a main draw for Myanmar's tourism industry. The government has aspired this area to be listed as one of the UNESCO World Heritage sites.
Land Area	:	4.31 acres
Tenure (*)	:	Assumed 70-year lease from date of approval given by Myanmar Investment Commission for foreign ownership of the land.
Method of Valuation	:	Market Comparison Method of Valuation
Basis of Valuation	:	Market Value
Date of Inspection	:	6 June 2017

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Date of Valuation	:	31 March 2017
Market Value	:	**USD8,500,000** **(United States Dollars Eight Million and Five Hundred Thousand only)** **SGD11,875,350** **(Singapore Dollars Eleven Million Eight Hundred Seventy Five Thousand Three Hundred and Fifty only)** *Based on rate of USD1 to SGD1.3971 as at 31 March 2017, compiled by Bloomberg.*

Having taken into account the relevant factors, assumptions and the prevailing market conditions, we are of the opinion that the Market Value of the Subject Properties as at 31 March 2017 is

USD28,210,000
(United States Dollars Twenty Eight Million Two Hundred and Ten Thousand only)

SGD39,412,191
(Singapore Dollars Thirty Nine Million Four Hundred Twelve Thousand One Hundred and Ninety One only)

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VALUATION CERTIFICATE ON THE VALUATION OF
1) AN UNDER-CONSTRUCTION 46-ROOM BOUTIQUE HOTEL IN PUN HLAING ESTATE, HLAING THARYAR TOWNSHIP, YANGON REGION, UNION OF MYANMAR
2) 19-ROOM HPA AN LODGE LOCATED AT THE WESTERN BASE OF MOUNT ZWEKABIN, 7 KILOMETRES SOUTH-EAST OF HPA AN TOWN CENTRE ALONG HPA AN – TAW PON VILLAGE ROAD, KAYIN (KAREN) STATE, UNION OF
3) A PLOT OF 4.31-ACRE VACANT DEVELOPMENT LAND LOCATED IN THE VICINITY OF NYAUNG-U TOWN CENTRE, NYAUNG-U DISTRICT, MANDALAY REGION, UNION OF MYANMAR

Note (*): We would recommend that legal advisers be engaged to verify the particular.

On behalf of **ROBERT KHAN & CO PTE LTD**



PV/6635A-1/6635D-1/6635C-1/1706/SHC/RK/YKS/KS

ROBERT KHAN

LIMITING CONDITIONS

Conflict of Interest
We have done a conflict of interest check and to our best knowledge, we are not conflicted to undertake the assignment for you.

Maximum Liability
Our maximum liability to the client relating to our services rendered (regardless of action whether in contract, negligence or otherwise) shall be limited to the fees paid for engaging our services. Under no circumstances will we be liable for consequential, incidental, punitive or special losses, damage or expenses (including opportunity costs and loss of profits) despite being advised of their possible existence.

Reproduction Of The Report
Reproduction of this Valuation Report in any manner whatsoever in whole or in part without prior written prior consent from the Valuer is prohibited.

Approval should be obtained formally from the Valuer before any reference to this Report can be made in any statement, published document or circular.

Valuation
The opinion expressed in this report applies strictly on the terms of and for the purpose expressed in this Valuation. Hence, the value shall never be quoted out of context in connection with any other assessment.

The Valuer accepts no liability if his opinion is quoted without regard to the full background of the reason why this Report is written.

No allowance has been made in our Valuation for any mortgages, charges or amounts owing on the property or for any taxation or other expenses, which would be incurred in effecting a sale.

As we have not had an opportunity of inspecting the Title Deeds of the property, our Valuation assumes that there are no adverse restrictive covenants, easements, rights of way or other factors of which we have not been informed. It is recommended that the title details are verified by your solicitors.

Values are reported in Singapore currency unless otherwise specified.

Goods and Services Tax have not been taken into account.

It is assumed that the property is not used in contravention of any planning or other regulations.

For obvious reasons, we do not and cannot provide information relating to government acquisitions unless the land has already been gazetted for acquisition.

No requisition on road, MRT, LRT, drainage and other government proposals has been made. Such information will not be tendered unless specifically requested for and we be properly reimbursed.

Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

We do not normally carry out investigations on site in order to determine the suitability of the ground conditions, and the services, for any new development. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

Valuation Data
Where it is stated in the Report that information or data has been made known to the Valuer by another party, this information is believed to be reliable and he disclaims all responsibility if this should later prove not to be so.

Where information is given without reference to another party in this Report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge.

Processed data inferences therefrom shall be taken as the Valuer's opinion and shall not be freely quoted without acknowledgement.

We reserve the right to review all calculations, recommendations and valuations in the light of any information which subsequently becomes known to us during the tenure of our appointment.

Structural Defects
While due care is taken to note defects in the course of inspection, no structural survey or engineering tests were made. No responsibility is assumed for the soundness of the structure or of the services.

Attendance In Court
The valuer is not required to give testimony or to appear in court by reason of this report unless specific arrangement has been made therefore.

1. MEMORIES PERFORMANCE SHARE PLAN

The Memories Performance Share Plan shall mean the share performance herein, as modified or altered from time to time and share be referred to as the Memories PSP.

2. DEFINITIONS

In this Memories PSP, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"**Act**" or "**Companies Act**"	:	Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
"**Associate**"	:	(a) in relation to any Director, Chief Executive Officer of the Company, a Substantial Shareholder or a Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"**Auditors**"	:	The auditors of the Company for the time being
"**Award**"	:	A contingent award of Shares granted under the Memories PSP
"**Award Date**"	:	In relation to an Award, the date on which the Award is granted
"**Board**" or "**Directors**"	:	The board of directors or directors of the Company, including alternate directors of the Company (if any) for the time being

"**Catalist**"	:	The sponsor-supervised listing platform of the SGX-ST
"**Catalist Rules**"	:	SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**Chief Executive Officer**"	:	The most senior executive officer who is responsible under the immediate authority of the Board for the conduct of the business of the Company
"**Company**"	:	Memories Group Limited
"**Constitution**"	:	The constitution of the Company
"**Control**"	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
"**Controlling Shareholder**"	:	A person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting Shares in the Company (unless the SGX-ST determines that such a person is not a Controlling Shareholder of the Company); or (b) in fact exercises Control over the Company
"**CPF**"	:	Central Provident Fund
"**Employee**"	:	A confirmed employee of the Group selected by the Remuneration Committee to participate in the Memories PSP, in accordance with the terms and conditions set out herein
"**Executive Director**"	:	A Director who is an Employee of the Group and performs an executive function
"**Group**"	:	The Company and its Subsidiaries, collectively
"**Group Employee**"	:	An employee of the Group (including any Executive Director, any Director who is a Controlling Shareholder and any Director who is an Associate of a Controlling Shareholder) (selected by the Remuneration Committee to participate in the Memories PSP in accordance with Rule 4.1)

"**Immediate Family**"	:	In relation to a person means he person's spouse, child, adopted child, step-child, sibling and parent
"**Independent Director**"	:	A non-executive and independent director of the Company
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**Memories PSP**"	:	The proposed performance share plan, as modified or altered from time to time
"**Non-Executive Directors**"	:	A Director who is not an Executive Director, including an Independent Director
"**Participant**"	:	The person(s) who has been granted an Award pursuant to the Memories PSP
"**Performance Shares**"	:	Shares issued to the Participants pursuant to the Memories PSP
"**Record Date**"	:	In relation to any dividends, rights allotment or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or with CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
"**Released Award**"	:	An Award which has been released in accordance with Rule 7
"**Released Schedule**"	:	In relation to an Award, a schedule in such form as the Remuneration Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be Released on the performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period
"**Remuneration Committee**"	:	The remuneration committee of the Company for the time being
"**Securities Account**"	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited

"**Shareholders**"	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the Depositors in the Depository Register maintained by the CDP and whose Securities Accounts are credited with those Shares. (Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts)
"**Shares**"	:	Ordinary shares in the capital of the Company
"**Subsidiary**"	:	Has the meaning ascribed to it in Section 5 of the Act
"**Substantial Shareholder**"	:	A person who has an interest (directly or indirectly) of 5.0% or more of the total issued share capital of the Company
"**Treasury Share**"	:	(a) A Share which was (or is treated as having been) purchased by a company in circumstances in which Section 76H of the Companies Act applies; and (b) has been held by the company continuously since the treasury share was so purchased
"**Vesting Date**"	:	In relation to Shares which are the subject of a Released Award, the date (as determined by the Remuneration Committee and notified to the relevant Participant) on which those Shares have vested pursuant to Rule 7

Currencies, Units and Others

"**S$**" and "**cents**" or "**¢**"	:	Singapore dollars and cents, respectively
"**%**" or "**per cent.**"	:	Percentage or per centum

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore.

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 genders. References to persons shall include corporations.

Any reference in this Memories PSP to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Act, the Catalist Rules or any modification thereof and used in this Memories PSP shall have the same meaning assigned to it under the Act, the Catalist Rules or any modification thereof, as the case may be.

Any reference to a time of day in this Memories PSP shall be a reference to Singapore time unless otherwise stated.

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

3. OBJECTIVES OF THE MEMORIES PSP

The Memories PSP is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for Participants to achieve these targets. The Directors believe that the new Memories PSP will incentivise Participants to excel in their performance and encourage greater dedication and loyalty to the Company and also help to achieve the following positive objectives:

(a) incentivise Employees to excel in their performance and encourage greater dedication and loyalty to the Company;

(b) attract and retain Employees whose contributions are important to the long-term growth and profitability of the Group;

(c) recognise and reward contributions and services and motivate Employees to continue to strive for the Group's long-term prosperity; and

(d) develop a participatory style of management which instills loyalty and a stronger sense of identification with the long-term goals of the Group.

4. ELIGIBILITY

4.1 Persons who are eligible to participate in the Memories PSP must be:

(a) Group Employees

(i) confirmed full-time employees of the Company and/or its Subsidiaries who have attained the age of 21 years on or before the date of Award and are not undischarged bankrupts and have not entered into a composition with their respective creditors;

(ii) Executive Directors, including Directors who are Controlling Shareholders and Directors who are Associates of Controlling Shareholders;

(b) Non-Executive Directors; and

(c) Independent Directors.

4.2 For the avoidance of doubt, directors and employees of the Company's parent company and its subsidiaries (save for the Company's subsidiaries) would not be entitled to participate in the Memories PSP. Save as prescribed by Rule 852 of the Catalist Rules, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company.

4.3 Subject to the Act and any requirements of the SGX-ST, the terms of eligibility for participation in the Memories PSP may be amended from time to time at the absolute discretion of the Remuneration Committee.

5. GRANT OF AWARDS

5.1 Subject as provided in Rule 8, the Remuneration Committee may grant Awards to Group Employees, Non-Executive Directors and Independent Directors, as the Remuneration Committee may select, in its absolute discretion, at any time during the period when the Memories PSP is in force provided that no Participant who is a member of the Remuneration Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him or his Associates.

5.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Memories PSP shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development, contribution to the success of the Group and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period. Based on the proposal of the management of the Company, the performance targets will be decided by the Remuneration Committee depending on each individual Participant's job scope and responsibilities.

5.3 The Remuneration Committee shall decide in relation to an Award:

(a) the Participant;

(b) the Award Date;

(c) the performance period;

(d) the number of Shares which are the subject of the Award;

(e) the vesting period;

(f) the performance target(s) which shall be set according to the specific roles of each Participant, and which may differ from Participant to Participant;

(g) the Released Schedule; and

(h) any other condition which the Remuneration Committee may determine in relation to that Award.

5.4 The Remuneration Committee may amend or waive the performance period, the performance target(s) and/or the Released Schedule in respect of any Award:

(a) in the event of a take-over offer being made for the Shares or if Shareholders or under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or

(b) if anything happens which causes the Remuneration Committee to conclude that:

(i) a changed performance target(s) and/or Released Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or

(ii) the performance target(s) and/or Released Schedule should be waived, and shall notify the Participants of such change or waiver.

5.5 As soon as reasonably practicable after making an Award the Remuneration Committee shall send to each Participant an award letter confirming the Award and specifying in relation to the Award:

(a) the Award Date;

(b) the performance period;

(c) the number of Shares which are the subject of the Award;

(d) the vesting period;

(e) the performance target(s);

(f) the Released Schedule; and

(g) any other condition which the Remuneration Committee may determine in relation to that Award.

5.6 Participants are not required to pay for the grant or release of Awards.

5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Remuneration Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Remuneration Committee, that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award shall, to the extent not yet vested, immediately lapse without any claim whatsoever against the Company:

(i) in the event of misconduct on the part of the Participant as determined by the Remuneration Committee in its discretion;

(ii) subject to Rule 6.2, upon the Participant ceasing to hold an appointment within the Group for any reason whatsoever;

(iii) the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of an Award; or

(iv) in the event of an order being made or a resolution passed for the winding up of the Company on the basis, or by reason, of its insolvency.

For the purpose of Rule 6.1(ii), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date, or where the Participant is a Non-Executive Director or an Independent Director, the Participant shall be deemed to have ceased to be a Non-Executive Director or an Independent Director, as the case may be, as at the date of his notice of resignation or the cessation of his appointment, whichever is earlier. Further, for the purpose of determining eligibility to participate in the Memories PSP, the secondment of an employee of the Group to another company within the Group shall not be regarded as a break in his employment with or his having ceased by reason only of such secondment to be a full-time employee of the Group (as applicable).

6.2 In any of the following events, namely:

(a) where the Participant, ceases to hold an appointment within the Group by reason of:

(i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Remuneration Committee);

(ii) redundancy;

(iii) retirement at or after the legal retirement age;

(iv) retirement before the legal retirement age with the consent of the Remuneration Committee; or

(v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company of the Group;

(b) the death of a Participant; or

(c) any other event approved by the Remuneration Committee,

then the Remuneration Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the performance period and subject to the provisions of the Memories PSP. In exercising its discretion, the Remuneration Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the performance target(s) has been satisfied.

6.3 Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:

(a) a take-over offer for the Shares becomes or is declared unconditional;

(b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the applicable courts under applicable legislation; or

(c) an order being made or a resolution being passed for the winding up of the Company (other than as provided in Rule 6.1(iv) or for amalgamation or reconstruction),

the Remuneration Committee will consider, at its discretion, and subject to any legal or regulatory requirements, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Remuneration Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Remuneration Committee will have regard to the proportion of the performance period which has elapsed and the extent to which the performance target(s) has been satisfied and any legal or regulatory requirements, provided that any Awards not released prior to commencement of the winding up of the Company (whether voluntary or by order of court) shall, upon commencement of such winding up be null and void. Subject to the foregoing, where Awards are released, the Remuneration Committee will, as soon as practicable after the Awards have been released, procure the allotment to each Participant of the number of Shares so determined, with such allotment to be made in accordance with Rule 7.

7. RELEASE OF AWARDS

7.1 As soon as reasonably practicable after the end of each performance period, the Remuneration Committee, in consultation with the management of the Company, shall review the performance target(s) specified in respect of that Award and determine whether they have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares to be released. Awards may only be released and consequently any Shares comprised in such Awards shall only be delivered upon the Remuneration Committee being satisfied that the Participant has achieved or fulfilled the relevant performance target(s), performance conditions, the Released Schedule and/or vesting period(s) applicable for the release of the Award and/or all or any of the Shares to which that Award relates and/or such other conditions as the Remuneration Committee may determine at its sole discretion.

7.2 If the Remuneration Committee determines in its sole discretion that the performance target(s) has not been satisfied or if the relevant Participant has not continued to be an employee of the Group from the Award Date up to the end of the relevant performance period that Award (subject to Rule 6) shall lapse and be of no value and the provisions of Rules 7.2 to 7.10 shall be of no effect.

7.3 The Remuneration Committee shall have the discretion to determine whether the performance target(s) has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Remuneration Committee shall have the right to make reference to the audited results of the Group or the Company, as the case may be, to take into account such factors as the Remuneration Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the Remuneration Committee decides that a changed performance target would be a fairer measure of performance.

7.4 Subject to the prevailing legislation and the provisions of the Catalist Rules, the Company will deliver Shares to Participants upon vesting of their Awards by way of an issue of Performance Shares or the transfer of Shares to the Participant.

7.5 In determining whether to issue Performance Shares or to transfer Shares held as Treasury Shares to satisfy the Award, the Company will have the right to take into account factors such as but not limited to the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing Performance Shares or transferring Shares held as Treasury Shares.

7.6 The Remuneration Committee will procure, upon the Board's approval therefore, the allotment or transfer to each Participant of the number of Shares which are to be released to that Participant pursuant to an Award under Rule 5. Any proposed issue of Performance Shares will be subject to there being in force at the relevant time the requisite Shareholders' approval under the Act for the issue of such Performance Shares. Any allotment of Performance Shares pursuant to an Award will take into account the rounding down of odd lots.

7.7 Where Performance Shares are to be allotted and issued or any Shares are to be transferred to a Participant pursuant to the release of any Award, the Vesting Date will be a trading day falling as soon as practicable after the review by the Remuneration Committee referred to in Rule 7.1. Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to compliance with the terms of the Memories PSP and the Constitution, the Company shall, within ten (10) Market Days after the vesting of an Award, allot and issue the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit, or in the case of a transfer of Treasury Shares, do such acts or things which are necessary for the transfer to be effective.

7.8 The Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares on the SGX-ST.

7.9 Shares which are allotted and issued or transferred on the release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of either:

(a) the Securities Account of that Participant maintained with CDP; or

(b) the securities sub-account of that Participant maintained with a CDP Depository Agent; or

(c) the CPF investment account maintained with a CPF agent bank, in each case, as designated by that Participant. Until such issue or transfer of such Shares has been effected, that Participant shall have no voting rights nor any entitlements to dividends or other distributions declared or recommended in respect of any Shares which are the subject of the Award granted to him.

7.10 Performance Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer, on the release of an Award shall:

(a) be subject to all the provisions of the Constitution; and

(b) rank in full for all entitlements, including voting, transfer, dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or before the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

8. LIMITATION ON THE SIZE OF THE MEMORIES PSP

8.1 The total number of Performance Shares which may be issued pursuant to Awards granted under the Memories PSP when aggregated with any other share-based incentive scheme shall not exceed 15% of the total issued Shares of the Company (excluding Treasury Shares) from time to time.

8.2 The following additional limits must not be exceeded:–

(a) the aggregate number of Shares available to Controlling Shareholders and their Associates must not exceed 25% of the Shares available under the Memories PSP; and

(b) the number of Shares available to each Controlling Shareholder or his Associate must not exceed 10% of the Shares available under the Memories PSP.

8.3 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Remuneration Committee under the Memories PSP.

9. ADJUSTMENT EVENTS

9.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation of Shares, distribution or otherwise) shall take place, then:

(a) the class and/or number of Shares which are the subject of Awards to the extent not yet vested; and/or

(b) the class and/or number of Shares in respect of which future Awards may be granted under the Memories PSP,

shall be adjusted in such manner as the Remuneration Committee may determine at its own discretion to be appropriate.

9.2 Unless the Remuneration Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

(a) issue of securities as consideration for an acquisition or a private placement of securities;

(b) cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;

(c) an issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares, to its employees, including Directors or Employees of the Company pursuant to a purchase or option scheme approved by Shareholders in general meeting, including the Memories PSP;

(d) an issue of Shares or securities convertible into or with rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business; and

(e) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

9.3 Notwithstanding the provisions of Rule 9.1:

(a) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be fair and reasonable; and

(b) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

9.4 Upon any adjustment made, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued pursuant to the grant of an Award. Any adjustment shall take effect upon such written notification being given.

10. ADMINISTRATION OF THE MEMORIES PSP

10.1 The Memories PSP shall be administered by the Remuneration Committee in its absolute discretion with such powers and duties as are conferred on it by the Board provided that a member of the Remuneration Committee who is a Participant shall not be involved in the deliberations of the Remuneration Committee in respect of the Awards to be granted to him or his Associates in compliance with the requirements of the Catalist Rules.

10.2 The Remuneration Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations for the implementation and administration of the Memories PSP, to give effect to the provisions of the Memories PSP and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as they may, in their absolute discretion, think fit. Any matter pertaining or pursuant to the Memories PSP and any dispute and uncertainty as to the interpretation of the Memories PSP, any rule, regulation or procedure thereunder or any rights under the Memories PSP shall be determined by the Remuneration Committee. The Remuneration Committee may delegate to officers or employees of the Company and to service providers, the authority, subject to such terms as the Remuneration Committee may determine, to administer and effect the Memories PSP.

10.3 Neither the Memories PSP nor the grant of Awards under the Memories PSP shall impose on the Company or the Remuneration Committee or any of its members any liability whatsoever in connection with:

(a) the lapsing of any Awards pursuant to any provision of the Memories PSP;

(b) the failure or refusal by the Remuneration Committee to exercise, or the exercise by the Remuneration Committee of, any discretion under the Memories PSP; and/or

(c) any decision or determination of the Remuneration Committee made pursuant to any provision of the Memories PSP.

10.4 Any decision or determination of the Remuneration Committee made pursuant to any provision of the Memories PSP (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Memories PSP or any rule, regulation or procedure hereunder or as to any rights under the Memories PSP). The Remuneration Committee shall not be required to furnish any reasons for any decision or determination made by it.

11. NOTICES AND COMMUNICATIONS

11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses or facsimile number, and marked for the attention of the Remuneration Committee, as may be notified by the Company to the Participant in writing.

11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Remuneration Committee (or such person or persons as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company.

11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

12. MODIFICATIONS TO THE MEMORIES PSP

12.1 Any or all the provisions of the Memories PSP may be modified and/or altered at any time and from time to time by resolution of the Remuneration Committee, except that:

(a) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were released to them in full upon the performance target(s) for their Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release in full of all outstanding Awards upon the performance target(s) for all outstanding Awards being satisfied in full;

(b) any modifications or alteration which would be to the advantage of Participants shall not be made except with the prior approval of the Shareholders in general meeting; and

(c) no modification or alteration shall be made except in compliance with the Catalist Rules or such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a), the opinion of the Remuneration Committee as to whether any modification or alteration would adversely affect the rights attached to any Award shall be final, binding and conclusive. For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Remuneration Committee under any other provision of the Memories PSP or to adjust any Award.

12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Remuneration Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Memories PSP in any way to the extent necessary or desirable, in the opinion of the Remuneration Committee, to cause the Memories PSP to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

13. PARTICIPATION BY A DIRECTOR WHO IS A CONTROLLING SHAREHOLDER OR DIRECTORS WHO ARE ASSOCIATES OF A CONTROLLING SHAREHOLDER

Participation by a Director who is a Controlling Shareholder or a Director who is an Associate of a Controlling Shareholder shall be approved by independent Shareholders for purposes of the Memories PSP. Separate resolutions must be passed to approve for each such person and, in respect of each such person, in separate resolutions for (i) such person's participation and (ii) the actual or maximum number of Shares and terms of any Awards to be granted to such person. The Company will seek such approval, if required. As at the Latest Practicable Date, Mr Serge Pun is deemed a Controlling Shareholder.

The criteria and terms of the Awards will be applied consistently to all Participants including a Controlling Shareholder and their Associates.

14. ABSTENTION FROM VOTING

Shareholders who are entitled to participate in the Memories PSP, including all Directors, Controlling Shareholders and their Associates, shall abstain from voting on any resolution relating to the Memories PSP and they will not accept any appointments to act as proxies of other Shareholders to vote on such matters unless the relevant Shareholder shall have given specific instructions as to the manner in which his votes are to be cast for such resolutions.

15. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Memories PSP, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

16. DURATION OF THE MEMORIES PSP

16.1 The Memories PSP shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Memories PSP is adopted by the Company in general meeting, provided always that the Memories

PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting, and of any relevant authorities which may then be required.

16.2 The Memories PSP may be terminated at any time at the discretion of the Remuneration Committee, or by an ordinary resolution passed by the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Memories PSP is so terminated; no further Awards shall be offered by the Company hereunder.

16.3 Notwithstanding the expiry or termination of the Memories PSP, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

17. TAXES

All taxes (including income tax) arising from the grant or release of any Awards to any Participants under the Memories PSP shall be borne by the Participants.

18. COSTS AND EXPENSES OF THE MEMORIES PSP

18.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the allotment and issue or transfer of any Shares pursuant to the release of any Awards in CDP's name, the deposit of share certificate(s) with CDP, the Participant's Securities Account with CDP, or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.

18.2 Save for the taxes referred to in Rule 17 and such other costs and expenses expressly provided in the Memories PSP to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Memories PSP including, but not limited to, the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the release of any Award shall be borne by the Company.

19. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Remuneration Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing or procuring the transfer of, the Shares or applying for or procuring the listing of New Shares on the Catalist in accordance with Rule 7.8.

20. DISCLOSURES IN ANNUAL REPORT

20.1 In accordance with the rules of the Catalist Rules 851, the following shall be disclosed by the Company in its annual report as long as the Memories PSP continues in operation:

(a) The names of the Remuneration Committee administering the Memories PSP;

(b) In respect of the following Participants of the Memories PSP:

(i) Directors;

(ii) Participants who are Controlling Shareholders and their Associates;

(iii) Participants other than those referred to in Rule 20.1(b)(i) and 20.1(b)(ii) above, who have received Shares pursuant to the vesting of Awards granted under the Memories PSP which, in aggregate, represent 5.0% or more of the total number of Shares available under the Memories PSP, the following information will be disclosed:

(A) the name of the Participant;

(B) aggregate number of Shares comprised in Awards granted to such Participant during the financial year under review;

(C) aggregate number of Shares comprised in Awards granted to such Participant since the commencement of the Memories PSP to the end of the financial year under review;

(D) aggregate number of Shares issued or transferred/delivered to such Participant under the Memories PSP since the commencement of the Memories PSP to during the financial year under review; and

(E) aggregate number of Share comprised in Awards which have not been vested as at the end of the financial year under review;

(c) A statement that the Participants were not required to pay for the grant of any Awards to them; and

(d) such other information as may be required by the Catalist Rules or the Companies Act.

If any of the above disclosure is not applicable, an appropriate negative statement will be included.

21. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Remuneration Committee and its decision shall be final and binding in all respects.

22. ISSUE CONTRARY TO LAW

Every Award shall be subject to the condition that no Shares shall be vested pursuant to an Award under the Memories PSP if such vesting would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue of Shares hereto.

23. GOVERNING LAW

The Memories PSP shall be governed by, and construed in accordance with, the laws of Singapore. The Participants, by accepting Awards in accordance with the Memories PSP, and the Company submit to the exclusive jurisdiction of the courts of Singapore.

24. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT, (CHAPTER 53B)

No person other than the Company or a Participant shall have any right to enforce any provision of the Memories PSP or any Award by the virtue of the Contracts (Rights of Third Parties) Act, (Chapter 53B) of Singapore.

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet kpmg.com.sg

The Board of Directors
SHC Capital Asia Limited
302 Orchard Road
#10-01
Singapore 238862

Our ref SG2/LYF

Contact Steven Goh
(+65 6213 3789)

Attn: Mr Steven Teo

20 November 2017

Dear Sirs

SHC Capital Asia Limited (the "Company")
Resignation as auditors

We hereby tender our resignation as auditors of the Company. Our resignation is a result of the Company's proposed acquisition of MM Myanmar Pte. Ltd. ("MM Myanmar") whereby the Company will issue new shares to the vendors as purchase consideration ("Proposed Acquisition") which would result in a reverse takeover of the Company. The Company are proposing the change of auditors at the request of the vendors and for the purpose of continuity as Nexia TS Public Accounting Corporation are the existing auditors of MM Myanmar and its subsidiaries. We have obtained consent from the Accounting and Corporate Regulator Authority for our resignation.

Our resignation shall take effect from the completion date of the Proposed Acquisition, subject to and conditional upon the Company's shareholders' approval of the appointment of Nexia TS Public Accounting Corporation as auditors of the Company at the forthcoming extraordinary general meeting in relation to the Proposed Acquisition. Our consent to act in our capacity as auditors of the Company shall be deemed withdrawn with effect from that date.

If there is any other matter where we could be of assistance in whatever way possible, please do not hesitate to contact us. Our best wishes to the Company on its future undertaking.

Yours faithfully

KPMG LLP

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A), and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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SHC CAPITAL ASIA LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201201631D)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("**EGM**") of SHC Capital Asia Limited (the "**Company**") will be held at Orchard Hotel Singapore, 442 Orchard Road, Level 3 Orchard Ballroom 3, Singapore 238879 on Monday, 18 December 2017 at 2.30 p.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolutions and special resolution:

*All capitalised terms used in this notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the circular to shareholders of the Company ("**Shareholders**") dated 20 November 2017 (the "**Circular**").*

*An electronic copy of the Circular and the notice of EGM is available for viewing by Shareholders on the SGX-ST's website at http://www.sgx.com commencing from 20 November 2017, and physical copies of the Circular will be despatched to Shareholders within the requisite notice period required under the Constitution of the Company, Companies Act (Chapter 50) of Singapore (the "**Companies Act**") and the Catalist Rules. Shareholders who do not receive a copy of the Circular prior to the date of the EGM may write in to the Company or the Share Registrar to request for a copy of the Circular at the following address:*

Company: 302 Orchard Road #10-01, Singapore 238862

Share Registrar: 80 Robinson Road #11-02, Singapore 068898

ORDINARY RESOLUTION 1: THE PROPOSED ACQUISITION OF 100% EQUITY INTERESTS IN MM MYANMAR PTE. LTD. FROM YOMA STRATEGIC INVESTMENTS LTD., FIRST MYANMAR INVESTMENT COMPANY LIMITED AND EXEMPLARY VENTURES LIMITED

That subject to and contingent upon the passing of Ordinary Resolutions 2, 3, 4, 5, 6, 7 and 8 and Special Resolution 1 in this Notice, approval be and is hereby given for:

(a) the Proposed Acquisition on the terms and conditions set out in the RTO SPA; and

(b) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms, documents with or to relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution.

ORDINARY RESOLUTION 2: THE PROPOSED SHARE CONSOLIDATION OF EVERY SEVEN (7) PRE-CONSOLIDATED SHARES INTO ONE (1) CONSOLIDATED SHARE (FRACTIONAL ENTITLEMENTS TO BE DISREGARDED)

That subject to and contingent upon the passing of the Ordinary Resolutions 1, 3, 4, 5, 6, 7 and 8 and Special Resolution 1 in this Notice:

(a) approval be and is hereby given for the consolidation of every seven (7) Pre-Consolidated Shares in the capital of the Company into one (1) Consolidated Share in the capital of the Company with effect from a date to be fixed by the Directors;

(b) any fraction of a Consolidated Share which may arise from the Proposed Share Consolidation pursuant to paragraph (a) above shall be disregarded, and all fractions of the Consolidated Shares to which holders of the issued ordinary shares in the capital of the Company would otherwise be entitled to shall be aggregated and sold and the proceeds arising therefrom shall be retained for the benefit of the Company;

(c) the Directors and each of them be and are hereby authorised to fix the Books Closure Date and the date on which the Shares will trade on Catalist in board lots of 100 Consolidated Shares in their absolute discretion as they deem fit; and

(d) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution.

ORDINARY RESOLUTION 3: THE PROPOSED ALLOTMENT AND ISSUE OF 264,997,065 CONSIDERATION SHARES PURSUANT TO THE PROPOSED ACQUISITION

That subject to and contingent upon the passing of the Ordinary Resolutions 1, 2, 4, 5, 6, 7 and 8 and Special Resolution 1 in this Notice and pursuant to Section 161 of the Companies Act:

(a) the Directors be hereby authorised to allot and issue 264,997,065 Consideration Shares (after the Proposed Share Consolidation) at the Issue Price to the Relevant Vendor Parties in the manner as set out in the Circular in satisfaction of the Purchase Consideration for the Proposed Acquisition; and

(b) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution.

ORDINARY RESOLUTION 4: THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 93,000,000 COMPANY PLACEMENT SHARES PURSUANT TO THE PROPOSED COMPLIANCE PLACEMENT

That subject to and contingent upon the passing of the Ordinary Resolutions 1, 2, 3, 5, 6, 7 and 8 and Special Resolution 1 in this Notice, approval be and is hereby given and pursuant to Section 161 of the Companies Act:

(a) the Directors be hereby authorised to allot and issue up to 93,000,000 new Consolidated Shares (after the Proposed Share Consolidation) ("**Company Placement Shares**") at such price as the board of directors of the Company may determine subject to the prevailing market conditions at the time of the Proposed Compliance Placement subject to a minimum placement price of S$0.20 per Company Placement Share as stipulated under the Catalist Rules and in such manner and on such terms and conditions as the board of Directors of the Company may in their absolute discretion deem fit, in relation to the terms and conditions under which the Company Placement Shares are to be offered, allotted and issued including, without limitation (i) the number of Company Placement Shares to be allotted and issued, and (ii) the timing of and whether to issue the Company Placement Shares; and

(b) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms, documents with or to relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution.

ORDINARY RESOLUTION 5: THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHT OF INDEPENDENT SHAREHOLDERS (BEING SHAREHOLDERS OTHER THAN THE VENDORS CONCERT PARTY GROUP) TO RECEIVE A MANDATORY GENERAL OFFER FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE VENDORS CONCERT PARTY GROUP

That subject to and contingent upon the passing of the Ordinary Resolutions 1, 2, 3, 4, 6, 7 and 8 and Special Resolution 1 in this Notice, the Shareholders other than the Vendors Concert Party Group hereby resolve, on a poll, unconditionally and irrevocably to waive their rights to receive a mandatory general offer in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers from the Vendors and the Corporate Vendor Nominees for all the shares in the capital of the Company in issue not already owned, controlled or agreed to be acquired by the Vendors Concert Party Group as a result of the allotment and issue of the Consideration Shares to the Vendors and the Corporate Vendor Nominees.

ORDINARY RESOLUTION 6: THE PROPOSED IPT MANDATE

That subject to and contingent upon the passing of the Ordinary Resolutions 1, 2, 3, 4, 5, 7 and 8 and Special Resolution 1 in this Notice and Completion:

(a) that approval be and is hereby given for the Company and its subsidiaries or any of them to enter into any of the transactions falling within the scope and categories of interested person transactions described in Section 15.2.6 of Part A of this Circular with any party who is of the

class or classes of interested persons described in Section 15.2.5 of Part A of this Circular in accordance with the guidelines and procedures for the review and administration of the interested person transactions as described in Section 15.2.7 of Part A of this Circular;

(b) that the Proposed IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting of the Company;

(c) that the New Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendments to Chapter 9 of the Catalist Rules which may be prescribed by the SGX-ST from time to time; and

(d) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms, documents with or to relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution.

ORDINARY RESOLUTION 7: THE PROPOSED APPOINTMENT OF SERGE PUN @ THEIM WAI AS A DIRECTOR TO THE NEW BOARD

That subject to and contingent upon the passing of the Ordinary Resolutions 1, 2, 3, 4, 5, 6 and 8 and Special Resolution 1 in this Notice, Serge Pun @ Theim Wai ("**Serge Pun**") be and is hereby appointed as a Director of the Company with effect from the Completion Date or such earlier date to be mutually agreed between the Company and the Proposed Director.

ORDINARY RESOLUTION 8: THE PROPOSED APPOINTMENT OF GEORGES MICHEL NOVATIN AS A DIRECTOR TO THE NEW BOARD

That subject to and contingent upon the passing of the Ordinary Resolutions 1, 2, 3, 4, 5, 6 and 7 and Special Resolution 1 in this Notice, Georges Michel Novatin ("**Michel Novatin**") be and is hereby appointed as a Director of the Company with effect from the Completion Date or such earlier date to be mutually agreed between the Company and the Proposed Director.

ORDINARY RESOLUTION 9: THE PROPOSED APPOINTMENT OF TUN TUN AS A DIRECTOR TO THE NEW BOARD

That subject to and contingent upon the passing of the Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7 and 8 and Special Resolution 1 in this Notice, Tun Tun be and is hereby appointed as a Director of the Company with effect from Completion Date or such earlier date to be mutually agreed between the Company and the Proposed Director.

ORDINARY RESOLUTION 10: THE PROPOSED APPOINTMENT OF BASIL CHAN AS A DIRECTOR TO THE NEW BOARD

That subject to and contingent upon the passing of the Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7 and 8 and Special Resolution 1 in this Notice, Basil Chan be and is hereby appointed as a Director of the Company with effect from the Completion Date or such earlier date to be mutually agreed between the Company and the Proposed Director.

ORDINARY RESOLUTION 11: THE PROPOSED APPOINTMENT OF ROBIN LEE CHYE BENG AS A DIRECTOR TO THE NEW BOARD

That subject to and contingent upon the passing of the Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7 and 8 and Special Resolution 1 in this Notice, Robin Lee Chye Beng be and is hereby appointed as a Director of the Company with effect from the Completion Date or such earlier date to be mutually agreed between the Company and the Proposed Director.

ORDINARY RESOLUTION 12: THE PROPOSED APPOINTMENT OF JUDY CHAN AS A DIRECTOR TO THE NEW BOARD

That subject to and contingent upon the passing of the Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7 and 8 and Special Resolution 1 in this Notice, Judy Chan be and is hereby appointed as a Director of the Company with effect from the Completion Date or such earlier date to be mutually agreed between the Company and the Proposed Director.

ORDINARY RESOLUTION 13: THE PROPOSED SHARE ISSUE MANDATE

That subject to and contingent upon the passing of the Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7 and 8 and Special Resolution 1 in this Notice and Completion:

(a) approval be and is hereby given, pursuant to Article 47 of the Constitution and Rule 806 of the Catalist Rules, to the Directors to allot and issue shares in the capital of the Company (whether by way of rights issue, bonus issue or otherwise) and/or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into shares, at any time and upon such terms and conditions, and for such purposes and to such persons as the Directors shall in their absolute discretion deem fit, provided that the aggregate number of new shares to be issued pursuant to such authority shall not exceed 100.0% of the then-existing issued share capital of the Company, and that the aggregate number of shares to be issued other than on a pro-rata basis to the then existing Shareholders shall not exceed 50.0% of the then-existing issued share capital of the Company, and, unless revoked or varied by the Shareholders in general meeting, such authority shall continue in full force until the conclusion of the next annual general meeting or the date by which the next annual general meeting is required by law to be held, whichever is earlier. For the purposes of this Ordinary Resolution, the "then-existing issued share capital" shall mean the enlarged share capital (excluding treasury shares) after the Proposed Share Consolidation, the Proposed Acquisition, the allotment and issue of the Consideration Shares and the Proposed Compliance Placement; and

(b) the Directors or any of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution.

ORDINARY RESOLUTION 14: THE PROPOSED ADOPTION OF THE MEMORIES PSP

That subject to and contingent upon the passing of the Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7 and 8 and Special Resolution 1 in this Notice and Completion:

(a) the share incentive scheme to be named the "Memories Group Performance Share Plan 2017" ("**Memories PSP**"), details of which are set out in this Circular, be and is hereby approved and adopted; and

(b) the Directors be and are hereby authorised:

(i) to establish and administer the Memories PSP;

(ii) to modify and/or amend the Memories PSP from time to time provided that such modifications and/or amendments are effected in accordance with the rules of the Memories PSP and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Memories PSP;

(iii) to grant awards ("**Awards**") in accordance with the rules of the Memories PSP and to allot and issue or deliver from time to time such number of Shares required pursuant to the vesting of the Awards under the Memories PSP; and

(iv) to do all such acts and things (including executing all such documents as may be required) as they or he may consider desirable, expedient or necessary or in the interests of the Company to give effect to this Ordinary Resolution and all actions taken by the Directors of the Company or any of them which would have been authorised by any of the foregoing resolutions but were taken prior to the date hereof be and are hereby severally approved, confirmed and ratified in all respects.

ORDINARY RESOLUTION 15: THE PROPOSED CHANGE OF INDEPENDENT AUDITOR

That subject to and contingent upon the passing of Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7 and 8 and Special Resolution 1 in this Notice and Completion, Nexia TS Public Accounting Corporation, be and is hereby appointed as the independent auditor of the Company in place of the existing independent auditor, KPMG LLP, with effect from the Completion Date and for the financial year ending 31 March 2018 and will hold office until the conclusion of the next annual general meeting of the Company, at a remuneration to be determined by the Directors and further that the resignation of KPMG LLP as independent auditor of the Company with effect from the Completion Date (subject to and contingent upon the appointment of Nexia TS Public Accounting Corporation as the independent auditor of the Company) be and is hereby noted and accepted.

ORDINARY RESOLUTION 16: THE PROPOSED PAYMENT OF DIRECTORS' FEES TO EXISTING BOARD

That approval be and is hereby given for the payment of Directors' fees of up to S$353,000 to the Existing Board for the period up to the Completion Date.

SPECIAL RESOLUTION 1: THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM "SHC CAPITAL ASIA LIMITED" TO "MEMORIES GROUP LIMITED"

That subject to and contingent upon the passing of Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7 and 8 in this Notice and Completion:

(a) the name of the Company be changed from "SHC Capital Asia Limited" to "Memories Group Limited" and that the name "SHC Capital Asia Limited" be replaced by "Memories Group Limited" wherever the earlier name appears in the Constitution of the Company; and

(b) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms, documents with or to relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Special Resolution.

Shareholders should note that:

(a) the Key Resolutions are inter-conditional. This means that if any of the Key Resolutions are not approved, the other Key Resolutions will not be duly passed; and

(b) Ordinary Resolutions 9 to 12 relating to the appointment of the Proposed Directors, other than Mr Serge Pun and Mr Michel Novatin, and Ordinary Resolution 13 relating to the Proposed Share Issue Mandate, Ordinary Resolution 14 relating to the Proposed Adoption of the Memories PSP and Ordinary Resolution 15 relating to the Proposed Change of Independent Auditor are conditional upon the passing of the Key Resolutions.

The Key Resolutions are inter-conditional as the subject matter of Ordinary Resolution 1 (to approve the Proposed Acquisition), Ordinary Resolution 2 (to approve the Proposed Share Consolidation), Ordinary Resolution 3 (to approve the Proposed Allotment and Issue of 264,997,065 Consideration Shares pursuant to the Proposed Acquisition), Ordinary Resolution 4 (to approve the Proposed Allotment and Issue of up to 93,000,000 Company Placement Shares pursuant to the Proposed Compliance Placement), Ordinary Resolution 5 (to approve the Proposed Whitewash Resolution), Ordinary Resolution 6 (to approve the Proposed IPT Mandate) of the Key Resolutions are substantially related in connection with the Proposed Acquisition, while Ordinary Resolution 7 (to approve the proposed appointment of Mr Serge Pun to the New Board) and Ordinary Resolution 8 (to approve the proposed appointment of Mr Michel Novatin to the New Board), are necessary as Mr Serge Pun as the Proposed Executive Chairman and Mr Michel Novatin as the Proposed CEO are key persons in the management of the Enlarged Group and Special Resolution 1 (to approve the Proposed Change of Name) is part of the Enlarged Group's strategy for the rebranding of the Enlarged Group and its business.

By Order of the Board

Chan Lai Yin
Company Secretary
Singapore, 20 November 2017

Notes:

1. In accordance with Rule 712(3) of the Catalist Rules, the Company confirms that:

   (a) KPMG LLP has confirmed by way of a letter dated 2 November 2017 to Nexia TS Public Accounting Corporation ("**Nexia**") that they are not aware of any professional reasons why Nexia should not accept appointment as the new independent auditor of the Company;

   (b) there were no disagreements with KPMG LLP on accounting treatments within the 12 months up to the date of their resignation, being 20 November 2017;

   (c) it is not aware of any circumstances connected with the Proposed Change of Independent Auditor that should be brought to the attention of Shareholders which has not been disclosed in the Circular;

   (d) the specific reasons for the Proposed Change of Independent Auditor are set out in the Section 10.2 of the Circular entitled "**Rationale**". The Proposed Change of Independent Auditor is neither due to the dismissal of KPMG LLP nor KPMG LLP declining to continue to serve as auditors of the Company; and

   (e) it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of Nexia as its new independent auditor.

2. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where such member appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of share shall be specified). Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

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

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

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

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

4. An instrument appoint a proxy must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898 not less than 48 hours before the time for holding the EGM or any adjournment thereof.

Personal Data Privacy:

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

PROXY FORM

SHC Capital Asia Limited

(Incorporated in Singapore)
(Company Registration No. 201201631D)

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Extraordinary General Meeting.
2. By submitting an instrument appointment a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

PROXY FORM

(Please see notes overleaf before completing this form)

*I/We _____ (Name), *NRIC/Passport No. _____

of _____ (Address)
being a member(s) of SHC Capital Asia Limited (the "**Company**") hereby appoint:

Name	***NRIC/Passport No.**	**Proportion of Shareholding (%)**
Address		

and/or (delete as appropriate)

Name	***NRIC/Passport No.**	**Proportion of Shareholding (%)**
Address		

or failing whom the Chairman of the extraordinary general meeting ("**EGM**") as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the EGM to be held at 442 Orchard Road, Level 3, Orchard Ballroom 3, Singapore 238879 on Monday, 18 December 2017 at 2.30 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the special resolution proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

* Please delete accordingly

No.	**Ordinary Resolution**	**Number of votes For***	**Number of votes Against***
1.	To approve the Proposed Acquisition		
2.	To approve the Proposed Share Consolidation		
3.	To approve the proposed allotment and issue of 264,997,065 Consideration Shares pursuant to the Proposed Acquisition		
4.	To approve the proposed allotment and issue of up to 93,000,000 Company Placement Shares pursuant to the Proposed Compliance Placement		
5.	To approve the Proposed Whitewash Resolution		
6.	To approve the Proposed IPT Mandate		
7.	To approve the proposed appointment of Serge Pun @ Theim Wai to the New Board		
8.	To approve the proposed appointment of Georges Michel Novatin to the New Board		
9.	To approve the proposed appointment of Tun Tun to the New Board		
10.	To approve the proposed appointment of Basil Chan to the New Board		
11.	To approve the proposed appointment of Robin Lee Chye Beng to the New Board		
12.	To approve the proposed appointment of Judy Chan to the New Board		
13.	To approve the Proposed Share Issue Mandate		
14.	To approve the Proposed Adoption of the Memories PSP		
15.	To approve the Proposed Change of Independent Auditor		
16.	To approve the proposed payment of Directors' Fees to Existing Board		
No.	**Special Resolution**	**Number of votes For***	**Number of votes Against***
1.	To approve the Proposed Change of Name		

* **Note:** If you wish to exercise all your votes "**For**" or "**Against**" the above resolution, please tick "√" within the box provided. Otherwise, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2017

Total Number of Shares held in (see Note 1)	
(a) CDP Register	
(b) Register of Members	

_____
Signature(s) of Member(s)/Common Seal of corporate shareholder
IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

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

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

   "Relevant intermediary" means:

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

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

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

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

4. An instrument appointing a proxy must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898 not less than 48 hours before the time for holding the Extraordinary General Meeting or any adjournment thereof.

5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorized officer.

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

8. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF Investor and SRS Investor who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF Investor and SRS Investor shall be precluded from attending the EGM.

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

Personal Data Privacy:

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

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SHC CAPITAL ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201201631D)