



Memories  
GROUP

*ENCHANT  
ENTHRAL  
ENRAPTURE*

*Memories Group Limited  
Annual Report 2019*

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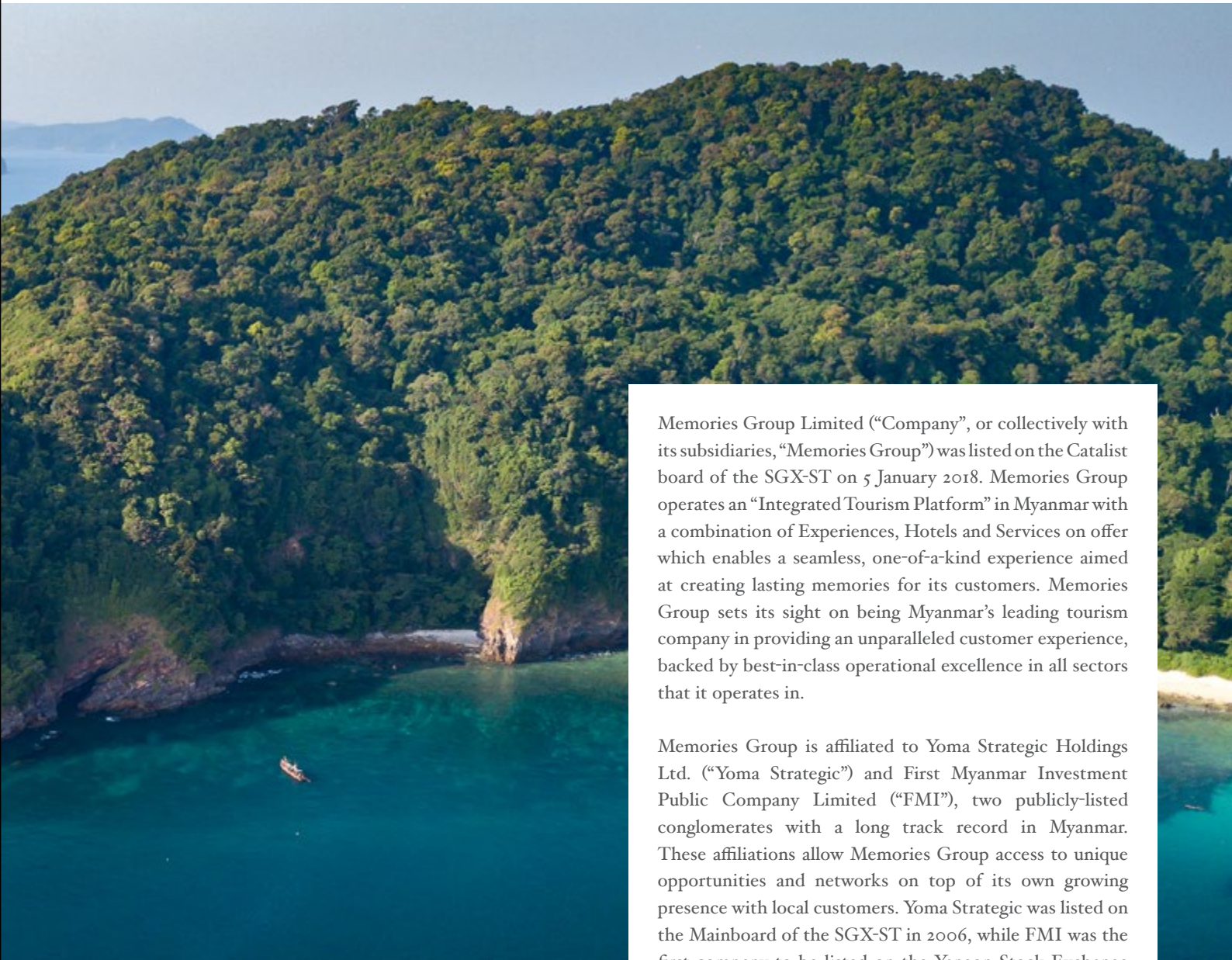
This Annual Report has been prepared by the Company and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of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

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

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

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# \* CORPORATE PROFILE



Memories Group Limited (“Company”, or collectively with its subsidiaries, “Memories Group”) was listed on the Catalyst board of the SGX-ST on 5 January 2018. Memories Group operates an “Integrated Tourism Platform” in Myanmar with a combination of Experiences, Hotels and Services on offer which enables a seamless, one-of-a-kind experience aimed at creating lasting memories for its customers. Memories Group sets its sight on being Myanmar’s leading tourism company in providing an unparalleled customer experience, backed by best-in-class operational excellence in all sectors that it operates in.

Memories Group is affiliated to Yoma Strategic Holdings Ltd. (“Yoma Strategic”) and First Myanmar Investment Public Company Limited (“FMI”), two publicly-listed conglomerates with a long track record in Myanmar. These affiliations allow Memories Group access to unique opportunities and networks on top of its own growing presence with local customers. Yoma Strategic was listed on the Mainboard of the SGX-ST in 2006, while FMI was the first company to be listed on the Yangon Stock Exchange (“YSX”) in 2016.

## MISSION

To be the first choice in creating warm and genuine memories of Myanmar and beyond.

## VISION

To become the leading tourism company in Myanmar in terms of diversity in geographical reach, innovation in products and customer experience, and to achieve this in a sustainable and socially responsible way.



# ✱ ENCHANT, ENTHRAL AND ENRAPTURE

## MYANMAR WITH MEMORIES GROUP

Memories Group's Integrated Tourism Platform offers a range of quality products and services under a cohesive brand overseen by an internationally experienced team comprising both expatriates and Myanmar nationals.

Memories Group has a strong international network and brand recognition through its well-established international sales and representative channels. It also owns Balloons Over Bagan and Burma Boating, which are popular brands in the international market, and is building a collection of hotels under its own exclusive brands.

### EXPERIENCES

1



**BALLOONS  
OVER BAGAN**  
*Memories*

2



**BALLOONS  
OVER INLE**  
*Memories*

3



### HOTELS

4



**AWEI METTA**  
YANGON  
*Memories*

5



**AWEI PILA**  
MERGUI ARCHIPELAGO  
*Memories*

6



**HOTEL SUGGATI**  
MAWLAMYAING  
*Memories*

7



**KEINNARA**  
LOIKAW  
*Memories*

8



**KEINNARA**  
HPA-AN  
*Memories*

### SERVICES

9



**Memories Travel**  
Myanmar  
*Memories*

# \* MYANMAR



1

BAGAN



2

INLE LAKE

LOIKAW



7

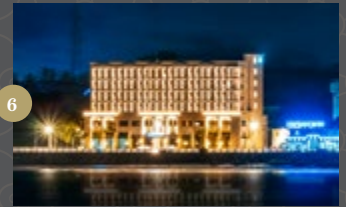


8

YANGON

HPA-AN

MAWLAMYAING



6



4

9



3

MERGUI ARCHIPELAGO



5





## DISCOVER MYANMAR'S ENCHANTING BEAUTY

### BALLOONS OVER BAGAN & BALLOONS OVER INLE

Long considered an iconic Myanmar tourism experience, Balloons Over Bagan's famous burgundy coloured balloons have been offering tourists a unique perspective of Myanmar and its people since 1999. With 14 balloons flying, Memories Group is the largest commercial hot-air balloon operator in Myanmar.

Floating over Bagan's thousands of pagodas, temples and stupas at sunrise, or early morning flights over Inle Lake with views of the breathtaking Shan Yoma mountains and its surrounding countryside, the enchanting and picturesque sight is one to behold from the platform of the hot-air balloon basket.

Over the past year, the Balloons business experimented with test flights over Loikaw in Kayah state. Along with our existing locations in Bagan and Inle, Loikaw boasts some of Myanmar's most astonishing natural beauty and cultural diversity, flying above fields awash with colour, with swathes of green and yellow against brilliant blue skies.

The balloons fly from October to April when the weather is calm and dry. Tourists can pick a "Classic" sixteen-passenger, a "Premium" eight-passenger or a private "Charter" experience. All ballooning equipment is manufactured in the UK. All pilots and technicians are UK-licensed pilots and public transport inspectors respectively.





## BURMA BOATING

Burma Boating creates sensational sailing expeditions in southern Myanmar, providing the ultimate way to explore the many uncharted islands of the Mergui Archipelago. It owns and operates the 85-foot, four-cabin Meta IV yacht and has partnership arrangements with several other yachts to offer a wide range of charter options, including private charter.

With over 800 pristine islands, the Mergui Archipelago is considered one of the planet's last unspoiled tourist destinations. Its rich marine life and biodiversity present an opportunity for travellers to encounter rare marine species such as the whale shark and dugong amidst the vivid beauty of coral reefs.

Visitors typically spend up to a week exploring the islands, basking under the sun, and cooling off in the clear blue waters of the Andaman Sea.

The Burma Boating brand has been rated 'excellent' on TripAdvisor by many explorers and has been featured in renowned travel magazines and publications such as National Geographic Traveler, Travel+Leisure, Condé Nast Traveller and DestinAsian.



**EXPERIENCE INCREDIBLE MYANMAR**  
**HOSPITALITY AMIDST MODERN COMFORTS**

AWEI PILA

**THE AWEI COLLECTION**

The Awei Collection features Awei Metta and Awei Pila – both luxurious boutique resorts that offer unique, authentic experiences, and focus on catering to each customer’s bespoke needs and curating activities for those who seek more than just relaxation.

**Awei Metta**

Officially opened in January 2019, Awei Metta is a chic, urban golf resort that hosts a world-class 18-hole golf course.

Located within the premier Pun Hlaing Estate in Hlaing Thayar Township, Yangon, this two-acre resort features 46 modern rooms (all with golf course views), a custom cigar bar, and a ballroom that can accommodate up to 200 seated guests. The hotel is home to the flagship “Oscar”, a stylish restaurant offering French cuisine with a modern twist.

**Awei Pila**

As the only resort on the exotic Pila Island in the Mergui Archipelago, Awei Pila gives guests access to one of the last unspoiled island utopias in Asia.

Surrounded by a lush forest with views of the Andaman Sea, Awei Pila hosts 24 beachfront villas, an alfresco restaurant, bar and spa services. The resort organises trekking expeditions, cooking classes, cruises to explore the vast sea, and other water activities.

The Awei Pila Dive Centre also provides the best of scuba diving by arranging Professional Association of Diving Instructors (PADI) scuba certification courses and guides to spectacular dive sites, giving guests an unforgettable glimpse of life underwater.



AWEI METTA





**THE KEINNARA COLLECTION**

The Keinnara Collection includes Keinnara Hpa-An and Keinnara Loikaw – a selection of eco-lodges that showcase the best of responsible tourism that respects not just its environment, but also its people and their cultures.

**Keinnara Hpa-An**

Keinnara Hpa-An is a 19-cottage rustic eco-boutique lodge that is nestled at the foot of Mount Zwegabin in Hpa-An Township, Karen State. The private cottages provide panoramic views of Mount Zwegabin from the balcony.

The property is fully equipped with modern facilities to provide guests with a comfortable stay. Activities such as hill trekking, visits to the villages, sunset cruises on the Thanlwin River, or picnic lunches in a traditional Karen house are available to guests.

**Keinnara Loikaw**

The recently renovated Keinnara Loikaw is a 26-key eco-lodge set in a lush garden sanctuary, providing guests with a chance to reconnect with nature in addition to authentic and cultural experiences. Modern facilities include a swimming pool, restaurant, bar and function hall.

With its pristine nature, lush landscapes, enchanting lakes and streams, scenic hikes and off-the-beaten-track experiences, Loikaw is a popular destination for tourists.



**THE SUGGATI COLLECTION**

The Suggati Collection provides a vibrant yet professional environment in which business travellers can enjoy affordable comfort alongside modern business amenities.

**Hotel Suggati Mawlamyaing**

Opened in January 2019, Hotel Suggati Mawlamyaing is a three-star, 72-room, urban hotel that brings new vitality to the hotel scene in Myanmar's fourth largest city. Strategically located, the five-storey hotel overlooks the scenic Thanlwin River and caters to the business traveller.

**CAPTIVATE HEARTS  
CREATE MEMORIES**





**MEMORIES TRAVEL (ASIA HOLIDAYS TRAVELS & TOURS)**

Memories Group’s Services segment comprises travel and destination management. It creates itineraries to explore new locations in regions previously unfamiliar to international travellers. With in-depth knowledge of the local landscape and global experience in hospitality, Memories Travel is committed to ensuring that every single detail of an itinerary, from transportation, logistics and cultural experiences to recreational activities, is handled with care and attention so that its customers can fully immerse themselves and truly experience the Myanmar way of life.

Memories Travel provides full-scale and personalised tour services including designing and organising fully customised itineraries and tour packages for agencies and individuals, as well as customising unique excursions, activities and cultural experiences for travellers. Memories Travel also organises MICE events in Myanmar and manages tour logistics including recommending and booking accommodation, restaurants and transportation, as well as providing multilingual tour guides.

# ✱ CHAIRMAN'S MESSAGE

“OUR MISSION IS TO BE THE FIRST CHOICE IN CREATING WARM AND GENUINE MEMORIES OF MYANMAR AND BEYOND. THIS, HOWEVER, NEEDS TO BE BALANCED BY A STRONG COMMITMENT TO ETHICAL AND SUSTAINABLE TOURISM PRACTICES.”

## DEAR SHAREHOLDERS,

It is my pleasure to present to you Memories Group's annual report for the financial year ended 31 March 2019 (“FY2019”).

In a country with such abundant natural beauty, cultural diversity and fascinating history, without a doubt, tourism should be a significant driver for economic growth. If properly managed, it has the potential to play a vital role in the overall development of the country. This is notwithstanding the political situation in Rakhine State.

There is no ignoring the many challenges we face as a country, and as a group we are under no illusion that these will be solved overnight. However, I want to make it clear that we strongly believe in the long-term potential of tourism in Myanmar.

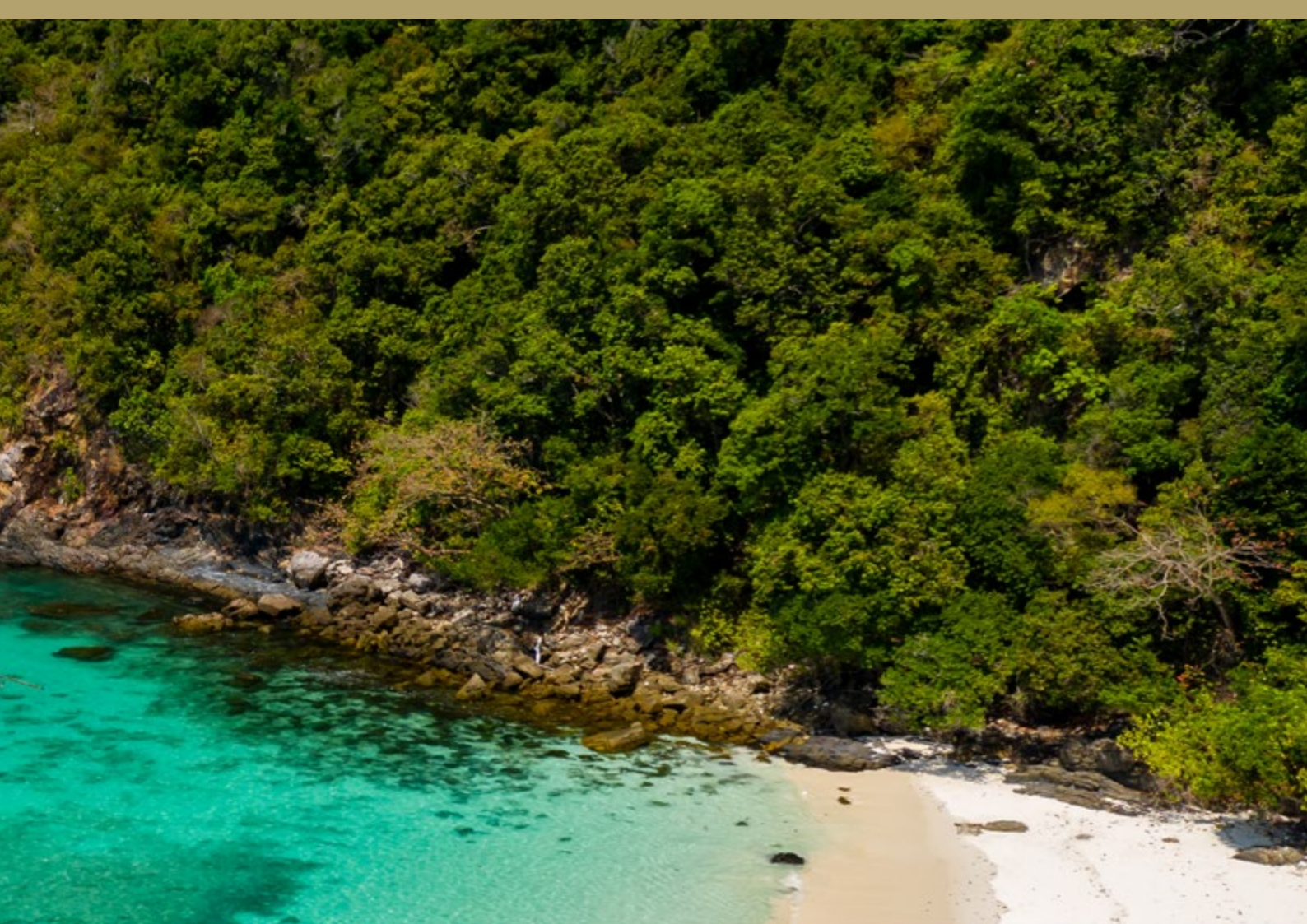
We are starting to see a pickup in arrivals, mainly driven by visitors from other Asian countries. During the first three months of 2019 we saw arrivals from China, Hong Kong and Macau jumped over 200 per cent<sup>1</sup>. This influx of visitors from the East has helped to dampen the impact of the reduction in arrivals from the West.

The Government is also taking steps to draw more tourists to the country. Visa-free travel has been made available to Japanese and South Korean visitors, with travellers from China, Hong Kong and Macau now enjoying a much simplified visa-on-arrival process. We embrace this diversification in Myanmar's visitor base and will be working to cater to this new demand.

Our mission is to be the first choice in creating warm and genuine memories of Myanmar and beyond. This, however, needs to be balanced by a strong commitment to ethical and sustainable tourism practices. A case in point being the Mergui Archipelago, which is considered by many to be the jewel in Myanmar's tourism crown.

The opening up of this collection of more than 800 previously untouched islands in the Andaman Sea poses many eco-tourism challenges.

<sup>1</sup> <https://tourism.gov.mm/statistics/arrivals-2019-march/>



We are proud that Burma Boating and Awei Pila have been actively involved with corporate social responsibility (CSR) efforts to preserve and protect marine life in the Mergui Archipelago. One of our recent efforts in ensuring the marine life preservation was our ghost net clearance initiative carried out by Awei Pila. Ghost nets, which are lost and abandoned fishing gear in the ocean, impose great danger to marine life and coral reefs. We organised a four-day clean up activity where a team of divers and surface support crew successfully recovered 300 kilogrammes of ghost nets from the surrounding waters of Pila Island.

We are committed to working with other like-minded organisations and relevant governmental bodies to ensure the safeguarding of the unique marine habitat found in the Archipelago and to create a platform for sustainable tourism going forward.

I feel that we are very much on track in becoming a major tourism player in Myanmar. The coming years will be pivotal as we look at more acquisition and investment opportunities. We are constantly presented with many prospects, but we exercise prudence and caution in selecting only those who share our grand vision for tourism in the country.

We hope that by giving travellers the opportunity to see Myanmar and meet its people, we can help cultivate a better understanding of the complexities of this country and even give people the opportunity, on a small individual level, to contribute to its development.

We are ever grateful to our investors and shareholders for their continuing support as we embark on this exciting journey.

Yours Sincerely,

**SERGE PUN**  
**Executive Chairman**

# ✱ CEO'S MESSAGE



## DEAR SHAREHOLDERS,

We listed the Company in January 2018 with the goal of creating Myanmar's leading tourism company, one which could truly showcase the best of Myanmar to the world. During FY2019, I believe we made huge strides towards this goal as we added more unique experiences and accommodation to our portfolio across many of Myanmar's most iconic tourist destinations.

On the Hotels front, Memories Group currently owns five properties across five major destinations in the country. They contributed approximately US\$1.16 million or 11.47% of our total revenue in FY2019. Keinnara Hpa-An and Keinnara Loikaw enjoyed relatively healthy occupancy rates all year round, while Awei Metta, Awei Pila, and Hotel Suggati Mawlamyaing welcomed their first guests in early 2019. As with most newly opened hotels, we expect these assets to generate returns and stabilise within the coming two years as they gain traction and build up their reputation.

During FY2019, our Experiences segment contributed approximately US\$6.43 million or 63.68% of Memories Group's total revenue. The Balloons and Boating businesses faced a tougher market environment in FY2019 as European tourists – a traditionally important market for both businesses – significantly dropped in numbers. Despite this, next season's bookings for both businesses remained stable and healthy. Balloons Over Bagan and Balloons Over Inle maintained steady occupancy. The Balloons team had also successfully tested flights amidst the scenic mountainous backdrop surrounding Loikaw, posing a potential new location for expansion that would complement the Keinnara Loikaw hotel. Meanwhile, Burma Boating continues to expand its fleet of partnering yachts as the Mergui Archipelago opens up to the world and attracts the attention of travel media with its stunning natural beauty.



EXPERIENCES SEGMENT  
(US\$ MILLION)

6.43

HOTELS SEGMENT  
(US\$ MILLION)

1.16

SERVICES SEGMENT  
(US\$ MILLION)

2.51

In the Services segment, we have launched the Memories Travel brand to the travel industry as an experience-driven DMC (Destination Management Company) which specialises in curating unique Myanmar experiences and bespoke itineraries. This supplements our existing business in Asia Holidays Travels & Tours Company Limited that has traditionally been organising package tours and MICE events. In FY2019, this segment contributed approximately US\$2.51 million or 24.85% of Memories Group's total revenue. Memories Travel will also be targeting the increasing number of Asian tourists interested in exploring Myanmar.

Memories Group invested approximately US\$3.19 million to take a 15.28 per cent stake in Strand Hotels International Limited, which in turn has a 50 per cent interest in The Strand Hotel (Yangon), Inya Lake Hotel and Hotel G Yangon, as well as an 80 per cent interest in The Strand Cruise. The investment in these three iconic hotels and the river cruise will help to drive the expansion of our Experiences and Hotel footprint, in line with our vision to become the leading tourism company in Myanmar.

We are confident about the outlook of tourism in Myanmar and we plan to expand both our Hotels and Experiences offerings into the lesser travelled areas of the country. The variety in culture, landscape and potential experiences across Myanmar is astounding and goes far beyond the current tourist hotspots such as Bagan and Inle Lake.

Our heartfelt appreciation goes out to our incredibly passionate team and all those who have helped and supported us thus far. We endeavour to take Memories Group to new heights during the coming tourist season and beyond.

Yours Sincerely,

**CYRUS PUN**  
Chief Executive Officer and Executive Director

✧ CEO'S  
MESSAGE



“WE ARE CONFIDENT ABOUT THE OUTLOOK OF TOURISM  
IN MYANMAR AND WE PLAN TO EXPAND BOTH OUR  
HOTELS AND EXPERIENCES OFFERINGS INTO THE LESSER  
TRAVELLED AREAS OF THE COUNTRY.”



# \* BOARD OF DIRECTORS



**MR. SERGE PUN**  
**EXECUTIVE CHAIRMAN**

*Board Committee(s) served on:* Nominating Committee (Member)

*Present Directorships in listed companies (as at the date of this annual report):* Yoma Strategic Holdings Ltd., First Myanmar Investment Public Company Limited, Myanmar Thilawa SEZ Holdings Public Limited

*Past Directorships in listed companies held over the preceding 3 years:* Nil

*Education and Achievements:* Awarded special honour of being selected as one of the 65 outstanding Overseas Chinese Models worldwide to feature on a series of commemorative postage stamp celebrating the 65<sup>th</sup> anniversary of the People's Republic of China (2014)

*Date of Appointment:* 26 December 2017

*Last Re-elected:* Nil

Mr. Serge Pun is a Myanmar national and the Chairman of Serge Pun & Associates (Myanmar) Limited (“SPA”). In 1983, Mr. Pun founded Serge Pun & Associates Limited in Hong Kong SAR and eventually returned to the country of his birth to establish SPA in 1991.

In 1992, Mr. Pun established First Myanmar Investment Company Limited (now known as First Myanmar Investment Public Company Limited) (“FMI”) as one of the earliest public companies (unlisted) in Myanmar. In 2006, he led Yoma Strategic to a successful listing on the mainboard of the SGX-ST. In 2016, he also led FMI to be the first company to list on the YSX.

Mr. 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 also the Chair of the International Advisory Board of Singapore Management University for Myanmar as well as the Vice-Chairman and CEO of New Yangon Development Company Limited (NYDC). Mr. Pun served as an Honorary Business Representative of the International Enterprise Singapore for Myanmar from 2004 to 2006. Mr. Pun is a frequent speaker in international forums on Myanmar and ASEAN.



**MR. CYRUS PUN**  
**CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR**

*Board Committee(s) served on:* Nil

*Present Directorships in listed companies (as at the date of this annual report):* Yoma Strategic Holdings Ltd.

*Past Directorships in listed companies held over the preceding 3 years:* Nil

*Education and Achievements:* Bachelor of Science in Economics, London School of Economics (2003), Executive M.B.A. from Kellogg-HKUST (2019)

*Date of Appointment:* 1 February 2019

*Last Re-elected:* Nil

Mr. Cyrus Pun started his career working in the export industry in China and worked for Hutchison Port Holdings’ South China Commercial Division. Mr. Pun joined SPA in 2007 and assumed a leading role in the development of a mixed-use real estate project in Dalian, China.

Prior to his appointment as Chief Executive Officer of the Company, he was an Executive Director of Yoma Strategic and headed its real estate business from 2012 to 2018. During this time, he led several developments including some of Myanmar’s largest and most prominent projects. Mr. Pun was also responsible for bringing in international partners and investors for these projects. His last venture as Head of Real Estate of Yoma Strategic was to initiate its expansion into the affordable housing segment. He is currently a Non-Executive Director of Yoma Strategic.

# \* BOARD OF DIRECTORS



## **MR. TUN TUN**

### **NON-EXECUTIVE NON-INDEPENDENT DIRECTOR**

*Board Committee(s) served on:* Audit and Risk Management Committee (Member)

*Present Directorships in listed companies (as at the date of this annual report):* First Myanmar Investment Public Company Limited, Myanmar Thilawa SEZ Holdings Public Limited

*Past Directorships in listed companies held over the preceding 3 years:* Nil

*Education and Achievements:* The Chartered Secretary Qualifying Scheme, Institute of Chartered Secretaries & Administrators (UK) (1998), Audit Committee Master Program International Finance Corporation (2016), Myanmar Director Accreditation Program, Thai Institute of Directors (2017)

*Date of Appointment:* 26 December 2017

*Last Re-elected:* 25 July 2018

Mr. Tun Tun has been with the SPA and FMI group of companies since 1998. He has been an Executive Director of FMI since 2009 and currently also serves as FMI's Chief Operating Officer. Over the years, he has held various positions at both operational and corporate levels and has overseen many of the group's subsidiaries and joint ventures.

Mr. Tun Tun is an Associate Member of the Institute of Chartered Secretaries & Administrators (UK).



## **MR. BASIL CHAN**

### **LEAD INDEPENDENT DIRECTOR**

*Board Committee(s) served on:* Audit and Risk Management Committee (Chairman), Nominating Committee (Chairman) and Remuneration Committee (Member)

*Present Directorships in listed companies (as at the date of this annual report):* AEM Holdings Limited, Grand Banks Yachts Limited, Global Invacom Group Limited

*Past Directorships in listed companies held over the preceding 3 years:* Yoma Strategic Holdings Ltd., SBI Offshore Limited, Singapore eDevelopment Ltd

*Education and Achievements:* Bachelor of Science Degree in Economics (Honours) Business Administration, University of Wales Institute of Science and Technology (1977), Fellow of the Institute of Chartered Accountants in England and Wales (FCA), Member of The Institute of Singapore Chartered Accountants, Fellow of the Singapore Institute of Directors (SID).

*Date of Appointment:* 26 December 2017

*Last Re-elected:* 25 July 2018

Mr. Basil Chan is the Founder and Managing Director of MBE Corporate Advisory Pte. Ltd. Mr. Chan has more than 36 years of experience in audit, financial and general management, having held senior financial and management positions in both private and listed companies.

Mr. Chan was formerly a director and a member of the Governing Council of the Singapore Institute of Directors (SID) for almost 12 years. He is currently a member of the Audit Committee Chapter of SID. He was a member of the Corporate Governance Committee in 2001 that developed the Singapore Code of Corporate Governance and was a former member of the Accounting Standards Committee and the Auditing and Assurance Standards Committee of the Institute of Singapore Chartered Accountants (ISCA). He currently sits on the Corporate Governance and Risk Management Committee of ISCA as its Deputy Chairman.

# \* BOARD OF DIRECTORS



**MR. ROBIN LEE CHYE BENG**  
**NON-EXECUTIVE INDEPENDENT DIRECTOR**

*Board Committee(s) served on:* Audit and Risk Management Committee (Member), Nominating Committee (Member) and Remuneration Committee (Chairman)

*Present Directorships in listed companies (as at the date of this annual report):* Nil

*Past Directorships in listed companies held over the preceding 3 years:* Nil

*Education and Achievements:* Bachelor of Science in Management and Marketing, University of Oregon's School of Business Administration (1989), Li & Fung Leadership Program at the Massachusetts Institute of Technology's Sloan School of Management and the University of Hong Kong (2010), Completed Listed Company Director Programme organised by the Singapore Institute of Directors (2013)

*Date of Appointment:* 26 December 2017

*Last Re-elected:* Nil

Mr. Robin C. Lee has more than 29 years of business management, development and operational experience in various sectors including retail, consumer goods, healthcare, home appliances and automobiles distribution, integrated and project logistics and equipment rental. Mr. Lee is currently employed by Tat Hong Holdings Limited as their ASEAN Chief Operating Officer.

Prior to his current position at Tat Hong Holdings Limited, Mr. Lee took on various management roles both here and overseas in organisations such as Hong Kong's Li & Fung Group, Toys“R”Us Singapore, Sime Darby Group, Piaggio Asia Pacific, The East Asiatic Company, Rentokil Initial Asia Pacific and Bok Seng Group.

Mr. Lee is a committee member of the Singapore Institute of Directors and a member of the Singapore Institute of Management. He has received awards for community service to education by the Singapore Ministry of Education in 2001, 2006 and 2017, as well as community service awards by the Singapore People's Association in 2001, 2006, 2012 and 2017.



**MR. VINCENT CHAN CHUN HUNG**  
**NON-EXECUTIVE NON-INDEPENDENT DIRECTOR**

*Board Committee(s) served on:* Nil

*Present Directorships in listed companies (as at the date of this annual report):* Nil

*Past Directorships in listed companies held over the preceding 3 years:* Nil

*Education and Achievements:* Bachelor of Arts, University of Hong Kong (1986), Master in Business Administration, Victoria University of Manchester (1988), The Institute of Chartered Financial Analyst (1993)

*Date of Appointment:* 1 February 2019

*Last Re-elected:* Nil

Mr. Vincent Chan is a Senior Managing Director and Head of Asia for Samena Capital Hong Kong Limited. Samena Capital\* is a principal investment group, investing across multiple asset classes including private equity and corporate credit within the Subcontinent, Asia, Middle East and North Africa (the SAMENA region). He is also a member of the Investment Committee of the Samena Special Situation Funds.

Prior to joining Samena Capital, he was the founding CEO of Spring Capital Hong Kong, an independent private equity firm that invests exclusively in China. Mr. Chan has 27 years of experience in private equity and has made over 50 investments in growth companies in China.

Mr. Chan is a Chartered Financial Analyst (AIMR). He holds a Bachelor of Arts from the University of Hong Kong, and a Master in Business Administration from the Victoria University of Manchester. He was the Listing Committee Member of the Hong Kong Stock Exchange from 2007 to 2012. He is the President of the Hong Kong Venture Capital and Private Equity Association (holding Chairmanship from 2005 to 2006).

\*Samena Capital has over US\$1 billion of assets under management as at February 2019.

# \* KEY MANAGEMENT

**MR. SERGE PUN**  
EXECUTIVE CHAIRMAN

**MR. CYRUS PUN**  
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR



**MR. NG JIA WEI**  
FINANCIAL CONTROLLER

Mr. Ng is a financial controller with 18 years of experience in financial audit, finance and management accounting, treasury, corporate finance, corporate governance, regulatory compliance and merger & acquisition for the banking, oil & gas, and shipping industries. Mr. Ng has handled complex financial issues and achieved practical solutions to promote regulatory compliance and corporate governance, against business and financial risks. Mr. Ng adopts a long-term view of developing finance capabilities and focuses on being a people-manager in order to build strong teams from local to regional levels. Mr. Ng started his professional career in 2001 in Malaysia after obtaining a Bachelor of Business majoring in accounting. He moved to Yangon in 2013 and was appointed as General Manager for Finance, Human Resources and Administration for a Malaysian joint venture. Mr. Ng is a member of Certified Practising Accountant (CPA) Australia and the Malaysian Institute of Accountants (MIA).

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## CORPORATE FUNCTIONS



**MR. JUERGEN FISCHER**  
SENIOR VICE PRESIDENT (HOTELS)

Mr. Juergen Fischer is a hotelier with over 30 years of experience in the luxury hotel market in Europe, Caribbean, Middle East and Southeast Asia. Mr. Fischer held various executive roles with branded hotel operators and independent hotel owners across these four continents. His extensive experience in the hospitality industry encapsulates every aspect from managing complex hotel operations to start to finish of new hotel openings, management takeover transitions and rebranding exercises.



**MR. STEWART TONG**  
GENERAL MANAGER OF STRATEGIC INVESTMENTS

Mr. Stewart Tong is a Myanmar repatriate with over 20 years of direct investment and private equity work experience in the US and Asia. He was previously the Managing Director of VCG Partners, a Myanmar-focused private equity fund. He has been a Partner or Principal in several Asia-based equity funds since 2001, including Schroders Capital Partners and LAPP Strategic Investments in Singapore. Prior to his return to Asia, Mr. Tong worked at Lehman Brothers in New York as a fixed income trader and the International Finance Corporation of the World Bank Group as an investment officer focusing on Asian financial institutions. Mr. Tong graduated from the University of Pennsylvania's Wharton School of Business with a Bachelor of Science in Economics (Finance and Accounting). A multi-linguist, he is fluent in English, Mandarin and Burmese.

# \* KEY MANAGEMENT



**MS. MYITZU HNIN**  
**HEAD OF HUMAN RESOURCES**

Ms. Myitzu has over 23 years of experience in hotel Operations, Learning & Development, Quality Improvement and Human Resources. She started her career in Traders Hotel Yangon (rebranded to Sule Shangri-La) in September 1996 as Health Club Manager, before changing her focus to Learning & Development in 2006. She was not only responsible for training hotel staff, but also overseeing the hotel's quality improvement. Over the years, Ms. Myitzu gained experience in overseas vocations as well as in other global brand organisations. She actively participates in panel discussions for HR forums and presents herself as a guest speaker at hospitality institutes.

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## BUSINESS FUNCTIONS



**MS. SAUNG KLYAR**  
**COUNTRY MANAGER - ASIA HOLIDAYS TRAVEL AND TOURS**

Ms. Saung has over 20 years of professional experience in the hotel and tourism industry, both locally in Myanmar and abroad in the United Arab Emirates (UAE) and Sultanate of Oman. Prior to joining the Memories Group in March 2019, she was the Head of Contracting at Easia Travel and played a successful role in making Easia a top destination management company for the European market in Myanmar. She had successfully closed significant sales volume across the industry, set up road maps to a wide range of quality and sustainable products around Myanmar and analysed local and international market trends which may have impacted tourism in Myanmar. She had also prepared appropriate strategies for corresponding market changes and capitalised on those opportunities. In addition, she gained many years of experience as a voluntary trainer on Reservation Technique, IFH call standards, Revenue Management and Opera System after returning to Myanmar from UAE.



**MR. TUN THURA**  
**GENERAL MANAGER - BALLOONS OVER BAGAN/BALLOONS OVER INLE**

Mr. Tun Thura has been with Shwe Lay Ta Gun (the operator of Balloons Over Bagan, Balloons Over Inle and Balloon Safaris) over 12 years. He joined the company in 2007 as Administration Manager and was responsible for the administration, government liaison and logistics of the company's operations. Mr. Tun Thura was gradually promoted to Senior Manager, Deputy General Manager and finally to his current position, General Manager, in 2018. Mr. Tun Thura studied at the Yangon University and graduated with a Bachelor of Science with Honours in 1994. He then went on to complete his MBA at Aldersgate College, Yangon campus.

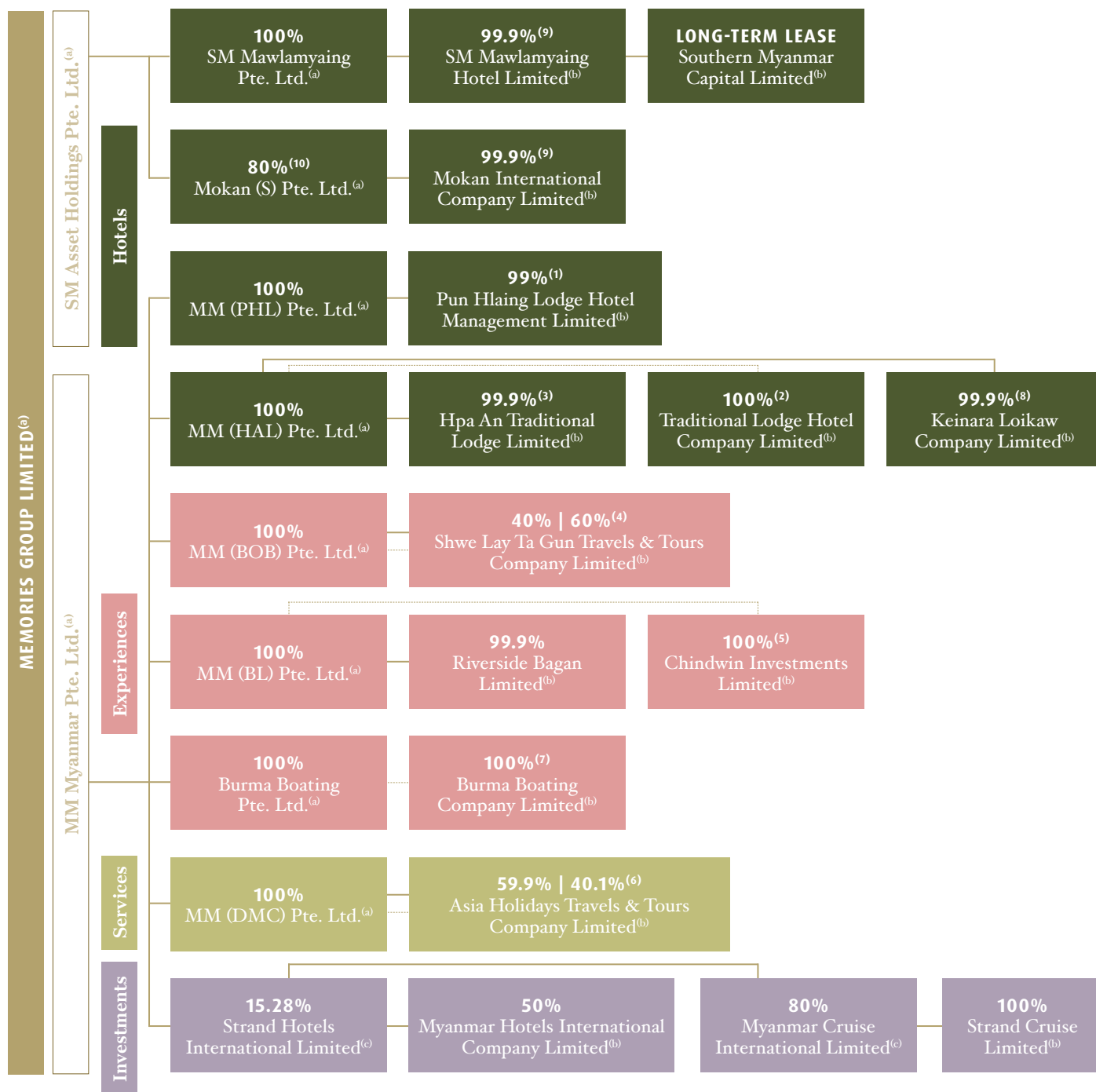


**MR. MICHAEL COLE**  
**HEAD OF BURMA BOATING**

Mr. Cole was a navigator onboard amphibious vessels in the Republic of Singapore Navy from 1979 to 1984 carrying military cargo around the region. He then went on to be a ship's officer with Maersk Line's tankers and bulk carrier and container vessel fleet for 10 years. After which, Mr. Cole took on the role as a Director of IMCO Maritime Surveyors Pte Ltd and Operations Director of Royco Marine Services Pte Ltd, which saw him make the initial move to Myanmar as a third-party consultant carrying out tanker operations, surveys, inspections, and audits on river passenger vessels in Myanmar, Vietnam, Cambodia and Laos. In 2002, Mr. Cole was a Country Manager for offshore supply vessels involved in Gas Exploration and Production off Myanmar's coast.

# \* CORPORATE STRUCTURE

(As at 26 June 2019)

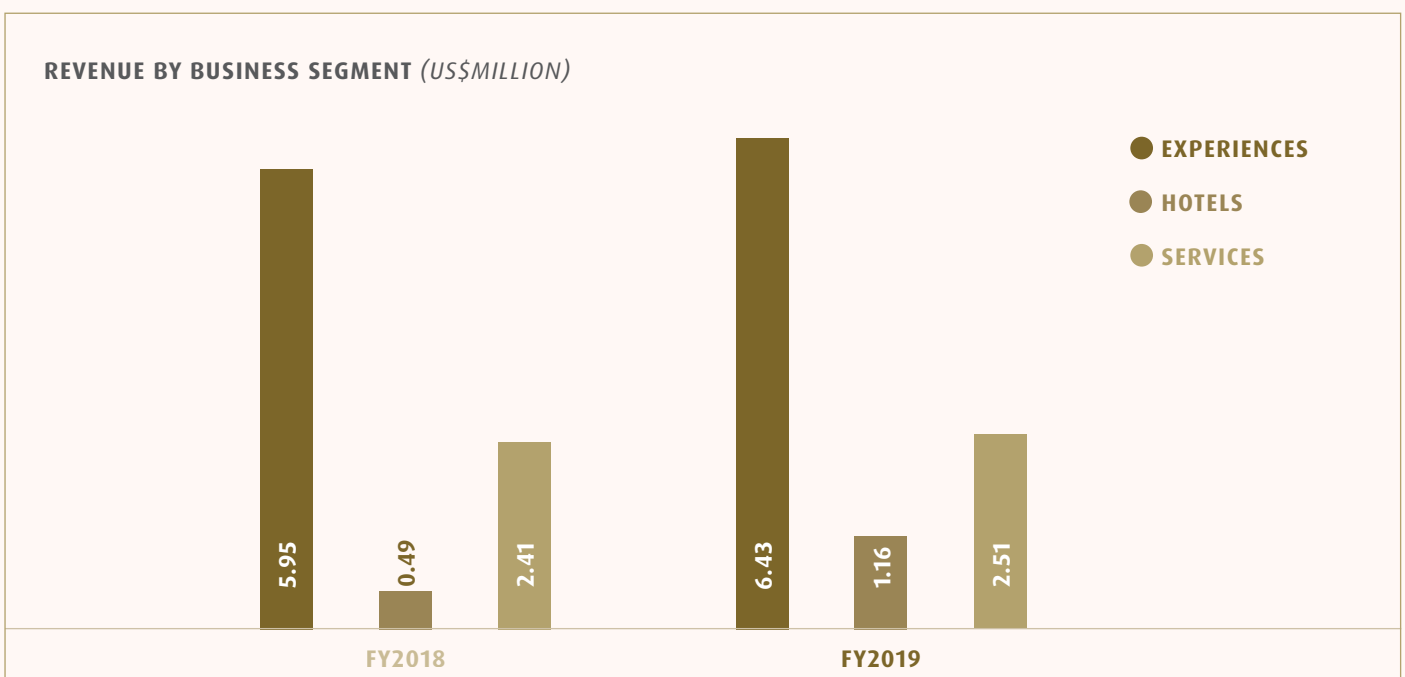
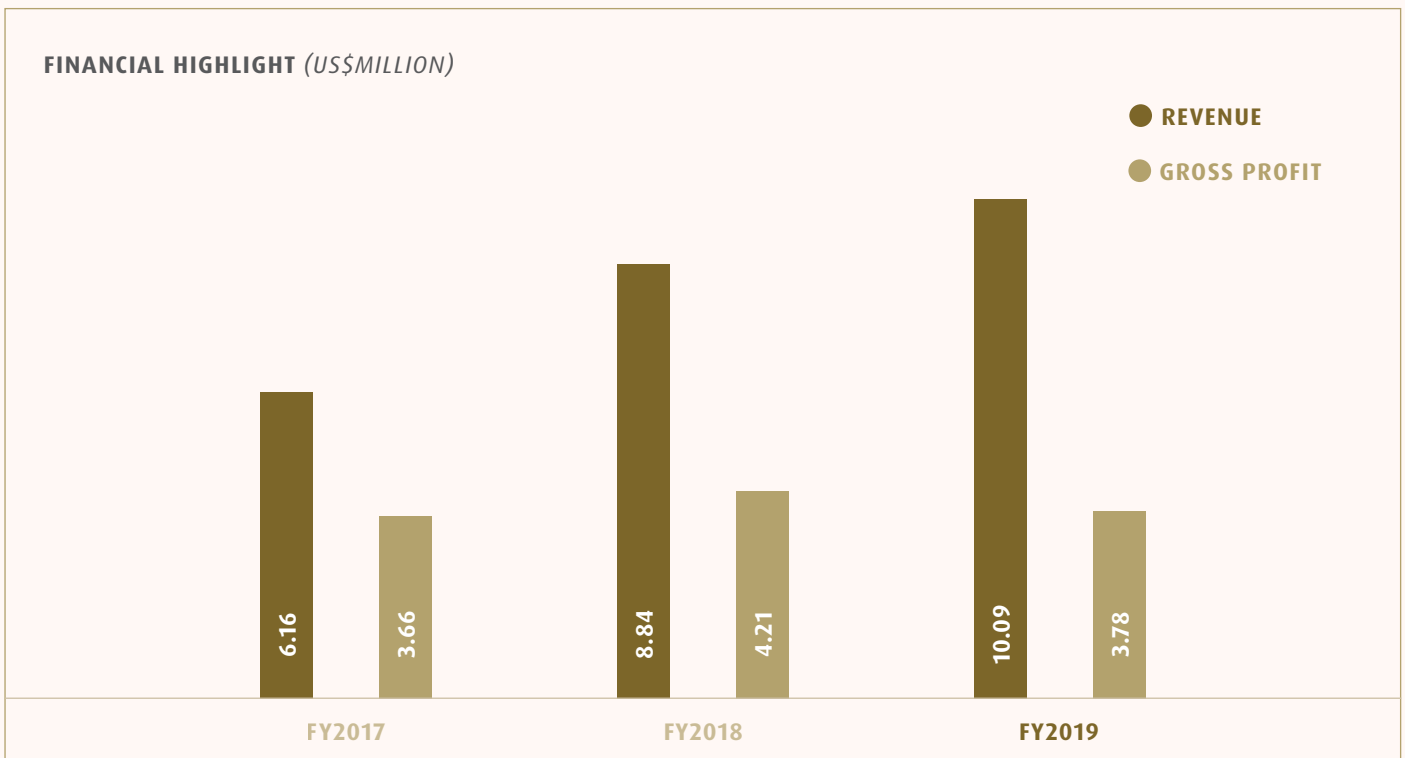


## NOTES:-

- <sup>(a)</sup> Incorporated in Singapore
- <sup>(b)</sup> Incorporated in Myanmar
- <sup>(c)</sup> Incorporated in British Virgin Islands
- <sup>(1)</sup> Remaining 1% interest is held by MM Myanmar Pte. Ltd.
- <sup>(2)</sup> MM(HAL) Pte. Ltd. holds economic interest in respect of 100% interest in Traditional Lodge Hotel Company Limited
- <sup>(3)</sup> Remaining 0.1% interest is held by MM Myanmar Pte. Ltd.
- <sup>(4)</sup> MM(BOB) Pte. Ltd. holds economic interest in respect of 60% interest in Shwe Lay Ta Gun Travels & Tours Company Limited
- <sup>(5)</sup> MM(BL) Pte. Ltd. holds economic interest in respect of 100% interest in Chindwin Investments Limited
- <sup>(6)</sup> MM(DMC) Pte. Ltd. holds economic interest in respect of 40.1% interest in Asia Holidays Travel & Tours Company Limited
- <sup>(7)</sup> Burma Boating Pte. Ltd. holds economic interest in respect of 100% interest in Burma Boating Company Limited
- <sup>(8)</sup> Remaining 0.1% interest is held by MM Myanmar Pte. Ltd.
- <sup>(9)</sup> Remaining 0.1% interest is held by SM Asset Holdings Pte. Ltd.
- <sup>(10)</sup> Remaining 20% interest is held by Memories Group Limited

# \* FINANCIAL HIGHLIGHTS

MEMORIES GROUP RECORDED AN OVERALL INCREASE IN REVENUE OF APPROXIMATELY 14.16% IN FY2019.



# \* FINANCIAL HIGHLIGHTS

## SUMMARISED PROFIT OR LOSS (US\$MILLION)

	FY2019	FY2018	% CHANGE
<b>Revenue</b>	<b>10.09</b>	<b>8.84</b>	<b>14.14</b>
<b>Gross Profit</b>	<b>3.78</b>	<b>4.21</b>	<b>(10.21)</b>
<b>Gain on Bargain Purchase</b>	<b>7.67</b>	<b>-</b>	<b>N.M.</b>
<b>Acquisition Cost Arising from RTO</b>	<b>-</b>	<b>(6.33)</b>	<b>N.M.</b>
<b>Net Profit / (Loss)</b>	<b>2.01</b>	<b>(6.43)</b>	<b>131.23</b>

**N.M. = Not meaningful**

Memories Group recorded an overall increase in revenue of approximately 14.14% in FY2019. The Hotels segment saw an increase of 137.78% in revenue year-on-year, and it was due to the revenue contribution from Memories Group's acquired or newly opened hotels namely Awei Metta, Awei Pila, Hotel Suggati Mawlamyaing and Keinnara Loikaw. The Experiences segment increased by 8.12% to US\$6.43m contributing 63.68% of Memories Group's revenue in FY2019. Revenue from the Services segment remained stable with a slight increase of 4.07% in FY2019 compared to FY2018.

Gross profit margin decreased from 47.62% to 37.46% in FY2019 mainly due to the growing contribution of the Hotels segment where a number of hotels are in its early stages of operation and typically has a lower margin. Memories Group made after tax net profit of US\$2.01m, compared to a net loss of US\$6.43m last financial year.





# \* OPERATIONAL REVIEW

## MEMORIES GROUP IS COMMITTED TO STRENGTHEN ITS POSITION AS A LEADING TOURISM PLAYER IN THE COUNTRY THROUGH STRATEGIC BUSINESS EXPANSION AND INVESTMENTS ACROSS THREE SEGMENTS – EXPERIENCES, HOTELS AND SERVICES.

### EXPERIENCES

In FY2019, revenue from the Experiences segment increased by US\$0.48m compared to FY2018. The increase in revenue was contributed by the full year revenue contribution from Burma Boating in FY2019 compared to FY2018 as the acquisition was only completed in February 2018. Balloons Over Bagan and Balloons Over Inle preserved their strong demand from passengers.

### HOTELS

Memories Group's Hotels segment recorded an increase in revenue of US\$0.67m in FY2019. This was mainly contributed by three new hotels which Memories Group had either acquired or launched throughout the financial year. Average occupancy rates for newly opened Awei Hotels - Awei Metta and Awei Pila - recorded at 19%, can be explained by the relatively short operating period in FY2019 (3 months for Awei Metta and 5 months for Awei Pila). Occupancy rate of Keinnara Hpa-An remained steady at approximately 53%.

### SERVICES

The Services segment for FY2019 remained stable at US\$2.51m in revenue as compared to US\$2.41m in FY2018. Despite the slight drop in Western travellers, there was an increase in Asian travellers which mitigated the impact of the reduction in Western tourists. Asia Holidays Travels and Tours recorded a slight decline in its total number of clients although average spending per client increased in FY2019 compared to FY2018.

### OUTLOOK

Memories Group's Experiences segment is expected to continue generating healthy returns as pre-bookings for the Balloons rides and Burma Boating's cruises has begun for the next season, which runs from October 2019 until April 2020. Burma Boating's cabin bookings for the upcoming peak season have been markedly stronger than the previous year.

Keinnara Loikaw had undergone a refurbishment for two months following the acquisition in May 2018 to reflect Memories Group's concept of the Keinnara hotel series. During FY2019, Memories Group had also completed the construction of Awei Metta hotel in Yangon, Awei Pila resort in the Mergui Archipelago, and Hotel Suggati Mawlamyaing in Mon State. As hotels typically require some time to build up their reputation and recognition, Memories Group expects these newly built hotels to generate profitable returns in a few years' time.

Last but not least, Memories Group will continue targeting not only the Western travellers, but the Asian tourists as well. Given the increasing number of arrivals into Myanmar from other parts of Asia each year, together with the government's efforts in promoting Myanmar as a destination of choice by easing visa requirements for travellers from other Asian countries, Memories Group is confident that its efforts aimed at Asian tourists will have a positive economic impact on the country as well as on Memories Group's financial performance. To achieve its mission of being the *'First choice in creating warm and genuine memories of Myanmar and beyond'*, Memories Group is committed to strengthen its position as a leading tourism player in the country through strategic business expansion and investments across three segments – Experiences, Hotels and Services.

# \* SUSTAINABILITY REPORT

## OUR SUSTAINABILITY PERFORMANCE

In building up our brand portfolio and identifying new locations and attractions in our business segments, Memories Group considers the environmental, socio-cultural and economic impacts of our activities so as to generate long-term sustainable returns. We have made progress towards the targets set for FY2019 in our 2018 Sustainability Report, and while we have achieved our goals relating to compliance, business ethics and waste management, we have also stepped up efforts to work towards our targets for training and development.

OUR FY2019 TARGET	WHAT WE HAVE ACHIEVED
<b>Business Ethics</b> <ul style="list-style-type: none"> <li>To uphold and adhere to Memories Group’s zero tolerance approach to corruption, fraud and bribery</li> </ul>	Zero cases of corruption, fraud or bribery reported.
<b>Compliance</b> <ul style="list-style-type: none"> <li>100% of follow-ups on all reports on fraudulent behaviour</li> </ul>	Zero cases of fraudulent behaviour reported.
<b>Child Labour, Human Rights</b> <ul style="list-style-type: none"> <li>Advocate and raise awareness in our supply chain against the use of child labour</li> </ul>	Zero cases of child labour reported in our operations.
<b>Diversity &amp; Equal Opportunity</b> <ul style="list-style-type: none"> <li>Anti-harassment training for 50% of managers</li> </ul>	50% of managers have participated in “Respectful Workplace” online training.
<b>Local Communities</b> <ul style="list-style-type: none"> <li>Two hours of volunteer hours per employee per year</li> </ul>	Although we have achieved volunteer hours in FY2019, we are in the process of establishing a tracking system across Memories Group to quantify and monitor the hours for each employee.
<b>Training, Development &amp; Talent Retention</b> <ul style="list-style-type: none"> <li>50% increase from FY2018</li> </ul>	Memories Group maintained a similar number of training hours per person in FY2019 – 35 hours per person. Memories Group has plans to enhance the training program for employees for financial year ending 31 March 2020 (“FY2020”).
<b>Customer Satisfaction</b> <ul style="list-style-type: none"> <li>Improve customer satisfaction and loyalty</li> <li>Improve consistency in service delivery</li> </ul>	More than half of our customers surveyed have rated our services as either ‘Good’ or ‘Excellent’.
<b>Waste Management</b> <ul style="list-style-type: none"> <li>Reduce the use of plastics and minimise harm to the environment</li> </ul>	Plastics are being eliminated from our hotel operations, balloons and boating businesses. Through the “Refill Not Landfill” campaign, we have avoided the use of approximately 1 tonne of bottled plastic waste from our Experiences and Hotels segments. Approximately 5,500 reusable aluminium bottles have been distributed in our Experiences and Hotels segments in FY2019.
<b>Preserving Local Culture &amp; Heritage</b> <ul style="list-style-type: none"> <li>Increase number of community-based tour operators</li> <li>Increase awareness of local artisan crafts and traditions</li> </ul>	Awei Pila has been working closely with the nomadic Moken community on Pila Island to utilise their traditional skills where possible.

Further information on the Company’s sustainability effort and performance will be detailed in the sustainability report to be published by August 2019.

# CORPORATE GOVERNANCE

We are committed to high standards of corporate governance and have put in place several monitoring mechanisms to ensure effective corporate governance.

This section outlines the main corporate governance processes and practices adopted by Memories Group with specific reference to each of the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”).

We confirm that Memories Group has generally adhered to the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

The Monetary Authority of Singapore has issued a revised Code of Corporate Governance (the “2018 Code”) that applies to annual reports covering financial years commencing from 1 January 2019. Accordingly, the Company will adopt the 2018 Code for its financial year ending 31 March 2020.

## BOARD MATTERS

### The Board’s Conduct of Affairs

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

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The primary function of the Board is to provide entrepreneurial leadership so as to protect and enhance long-term value and returns for its shareholders. Apart from its statutory responsibilities and roles set out in the Code, the key responsibilities of the Board include setting the overall strategy of Memories Group, formulating policies on various matters such as major investments, key operational initiatives and financial controls, reviewing Memories Group’s financial performance, providing leadership, setting strategic direction, establishing risk management procedures and goals for Management as well as monitoring the achievement of the goals.

While matters relating in particular to the Company’s objectives, strategies and policies require the Board’s direction and approval, Management is responsible for the day-to-day operations and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

Some of the matters that require the Board’s, *inter alia*, approval or review are listed below:

- (a) approval of quarterly financial statements and results announcements;
- (b) approval of annual financial statements and results announcements;
- (c) approval of annual reports;
- (d) declaration of interim dividends and proposal of final dividends;
- (e) approval of Memories Group’s policies, strategies and objectives;
- (f) recommendation of Board compensation to shareholders;
- (g) review of succession plans for Directors;
- (h) approval of compensation framework and specific remuneration package of the key management personnel;
- (i) review at least annually the adequacy and effectiveness of Memories Group’s risk management and internal control systems including establishing risk appetite and parameters, and internal control systems; and
- (j) approval of annual budgets.

All Directors exercise due diligence and independent judgement in the best interests of Memories Group and are obligated to act in good faith and to take objective decisions in the interest of Memories Group and the Company’s shareholders.

# CORPORATE GOVERNANCE

## Delegation by the Board

To assist in the execution of its responsibilities, the Board has, without abdicating its responsibility, established and delegated certain responsibilities to the various Board Committees, namely the Audit and Risk Management Committee (“ARMC”), the Remuneration Committee (“RC”), and the Nominating Committee (“NC”) (collectively, the “Board Committees”). These Board Committees operate within clearly defined terms of reference to address their respective areas of focus. All Board Committees are chaired by a Non-Executive Independent Director.

## Board and Board Committees meetings

In FY2019, the number of the Board and Board Committees meetings held and the attendance of each Director, are disclosed below:

Name of Director	Board	Audit and Risk Management Committee	Nominating Committee	Remuneration Committee
Number of Meetings	4	4	1	1
<b>Number of Meetings Attended</b>				
Mr. Serge Pun @ Theim Wai (“Mr. Serge Pun”)	3	NA	0	NA
Mr. Georges Michel Novatin <sup>1</sup> (“Mr. Michel Novatin”)	3	NA	NA	NA
Mr. Tun Tun	4	4	NA	NA
Mr. Basil Chan	4	4	1	1
Mr. Robin Lee Chye Beng (“Mr. Robin C. Lee”)	4	4	1	1
Ms. Judy Chan <sup>2</sup>	3	NA	NA	1
Mr. Pun Chi Yam Cyrus <sup>3</sup> (“Mr. Cyrus Pun”)	1	NA	NA	NA
Mr. Vincent Chan Chun Hung <sup>4</sup> (“Mr. Vincent Chan”)	1	NA	NA	NA

### Notes:

1. Mr. Michel Novatin resigned as an Executive Director and the Chief Executive Officer with effect from 31 January 2019.
2. Ms. Judy Chan resigned as a Non-Executive Independent Director with effect from 23 November 2018.
3. Mr. Cyrus Pun was appointed as an Executive Director and the Chief Executive Officer on 1 February 2019.
4. Mr. Vincent Chan was appointed as a Non-Executive Non-Independent Director on 1 February 2019.

Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his/her attendance at meetings of the Board and/or Board Committees. A Director’s contribution also extends beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interest of the Company.

The Constitution of the Company provides for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in the meeting to communicate with each other simultaneously. Where the attendance of certain Directors was not physically possible, the meeting was conducted with these Directors communicating through teleconferencing.

# CORPORATE GOVERNANCE

## Board Processes

All Directors make decisions objectively in the interests of the Company and are expected to exercise independent judgment in the best interests of the Company. Decisions on all key matters are made by the Board.

Board meetings are scheduled to coincide with quarterly financial results reporting in order to facilitate a review of the financial statements and announcement of the unaudited quarterly results of Memories Group. Such quarterly Board meetings, in addition to an off-site Board strategy meeting, are typically scheduled before the start of the financial year to enable the Directors to plan ahead to attend these meetings. In addition to the formal Board meetings, the Board also organised an off-site Board strategy meeting in FY2019 in Myanmar for in-depth discussion on strategic issues and the direction of Memories Group. At the same time, the Board also visited certain assets of Memories Group in Myanmar including the Awei Pila hotel located on the Kyun Pila island.

## Board Orientation and Training

The Company conducts an orientation programme for newly appointed Directors which seeks to familiarise Directors with Memories Group's businesses, board processes, internal controls and governance practices at the Company's expense. The orientation programme includes Management presentations on Memories Group's businesses, strategic plans and objectives, meetings with key management personnel and briefings on key areas of the Company's operations.

On 1 February 2019, Mr. Cyrus Pun was appointed as the Chief Executive Officer and an Executive Director and Mr. Vincent Chan was appointed as a Non-Executive Non-Independent Director. Both Mr. Cyrus Pun and Mr. Vincent Tan were briefed on Memories Group's businesses and operations including an overview of the organisational structure and the Company's internal corporate governance practices. In addition, both of them made separate visits to Myanmar prior to their appointments to the Board to meet with key management personnel and visited some of Memories Group's key projects. Mr. Cyrus Pun had also, at the first board meeting of the Company that he had attended, shared his views of Memories Group's businesses after the site visits.

Pursuant to Rule 406(3)(a) of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), a director who has no prior experience as a director of an issuer listed on the SGX-ST must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. As Mr. Vincent Chan did not have prior experience as a director of an issuer listed on the SGX-ST, the Company has arranged for him to attend and undergo training as prescribed by the SGX-ST within one year of his appointment i.e. by 31 January 2020.

A formal letter of appointment was and will be furnished to every newly-appointed Director upon their appointment explaining, amongst other matters, their roles, obligations, duties and responsibilities as member of the Board.

The Directors will also be provided with updates and/or briefings from time to time by professional advisors, auditors, Management and the Company Secretaries in areas such as directors' duties and responsibilities, corporate governance practices, risk management matters and changes in financial reporting standards. Directors also attended seminars, conferences and presentations to supplement and keep themselves updated on areas such as accounting, legal and industry-specific knowledge. The Company will also, where it feels appropriate, arrange for training courses for Directors which it will fund. During FY2019, a briefing was conducted by Altum Law Corporation to the Board on changes to the Code and the Catalist Rules that were introduced in 2018. The Chief Executive Officer updates the Board on business and strategic development relating to the Company's business operations and the industry that the Company is operating in. The Directors are at liberty to approach the Management should they require any further information or clarification concerning Memories Group's operations.

The other professional development programmes attended by some Directors in FY2019 include the following:

1. Directors Conference 2018 organised by the Singapore Institute of Directors;
2. Risk Culture Report organised by the Institute of Singapore Chartered Accountants; and
3. Integrating Sustainability with Enterprise Risk organised by Grant Thornton and Hong Kong Institute of Business Ethics & Sustainability.

# CORPORATE GOVERNANCE

## Board Composition and Guidance

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

## Board Composition

As at the date of this Annual Report, the Board comprises six (6) Directors of whom two (2) are Executive Directors, two (2) are Non-Executive Non-Independent Directors and two (2) are Non-Executive Independent Directors.

Profiles and qualifications of the Directors and the listed directorships held by the Directors as at the date of the Annual Report, and in the last three (3) years are set out in the Board of Directors section of this Annual Report.

The composition of the Board and Board Committees as at the date of this Annual Report are set out as below.

Name of Director	Date of first appointment/last re-appointment as Director	Board membership	Audit and Risk Management Committee	Nominating Committee	Remuneration Committee
<b>Executive Directors</b>					
Mr. Serge Pun	26 December 2017	Chairman	–	Member	–
Mr. Cyrus Pun	1 February 2019	Member	–	–	–
<b>Non-Executive Non-Independent Directors</b>					
Mr. Tun Tun	25 July 2018	Member	Member	–	–
Mr. Vincent Chan	1 February 2019	Member	–	–	–
<b>Non-Executive Independent Directors</b>					
Mr. Basil Chan	25 July 2018	Member/ Lead Independent Director	Chairman	Chairman	Member
Mr. Robin C. Lee	26 December 2017	Member	Member	Member	Chairman

## Board Independence

The Code provides that the independent directors should make up at least half of the Board where, *inter alia*, the Chairman is part of the management team and is not an independent director. The Non-Executive Independent Directors comprise Mr. Basil Chan and Mr. Robin C. Lee, and they make up one-third of the Board. Mr. Basil Chan is the Lead Independent Director. As the Chairman is an Executive Director, the Company is in the process of finding suitable candidates to be nominated for appointment to the Board as Independent Directors to further strengthen the independent element of the Board.

The NC and the Board believe that the current Board, with Non-Executive Independent Directors making up one-third of the Board, remains appropriate and effective and the Non-Executive Independent Directors have exercised objective judgment on corporate affairs independently from Management, through the following actions:–

- (1) the Non-Executive Independent Directors, together with the two Non-Executive Non-Independent Directors, constructively challenge proposals on strategy and also review the performance of Management in meeting agreed goals and objectives; and
- (2) the Non-Executive Independent Directors have been effective in ensuring there is effective check and balance in the Board to safeguard the interest of minority shareholders, and there is no individual or small group of individuals that dominates the decision making of the Board.

# CORPORATE GOVERNANCE

The Code defines an “independent director” as one who has no relationship with the Company, its related companies, its ten per cent. (10%) shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent judgement with a view to the best interests of the Company. The independence of each Director is also reviewed annually by the NC. The NC requires each Non-Executive Independent Director to confirm his relationships with the Company, Management, officers and substantial shareholders in writing every year and reviews these confirmations of independence with the Director concerned abstaining and not taking part in any such deliberations. The NC will recommend the independence of the Non-Executive Independent Directors to the Board only after it is satisfied that the independence of these Directors is not compromised. For FY2019, the NC has determined that the two (2) Non-Executive Independent Directors are independent. The Board, after taking into consideration the recommendations of the NC, is of the view that the Non-Executive Independent Directors are not only independent in light of the provisions of the Code, but that they are also independent from substantial shareholders and that no individual or small group of individuals dominates the Board’s decision making process.

Currently, there is no independent director who has served on the Board beyond 9 years from the date of his appointment.

## Board Composition and Size

Non-Executive Directors contribute to the Board process by monitoring and reviewing Management’s performance. Their views and opinions provide alternative perspectives to Memories Group’s businesses. When challenging Management’s proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interests and other complexities. The Non-Executive Independent Directors also meet and communicate regularly without the presence of the Management so as to facilitate a more effective check on Management. Such meetings are scheduled on a need-be-basis.

The Board comprises Directors who are qualified and experience in various fields, with financial and business management backgrounds. The Board, with the concurrence of the NC, has reviewed the Board composition, taking into account the scope and nature of the operations of Memories Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and the Board Committees, and is satisfied that the current size of the Board is appropriate and allows for effective decision making, providing the necessary core competencies to meet Memories Group’s needs and to allow for diverse and objective perspective on Memories Group’s strategic direction and growth.

The Board will review the expertise, skills and perspectives which the Board needs against the existing competencies to ensure that the Board dynamics remain optimal while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required.

## Board Diversity

The Company is strongly committed to fostering diversity and inclusion on its Board, leveraging the collective strength of its members who possess diverse abilities, knowledge, skills and professional experiences, and are able to contribute unique and valuable perspectives due to their different backgrounds, gender and cultures, effectively spurring innovative thinking and cultivating sustainable competitive advantages for the Company’s long-term growth and success. It has adopted a Diversity Policy in FY2019. The NC will strive to ensure that when seeking to identify a new Director for appointment to the Board, it will request for female candidates to be fielded for consideration. The final decision on selection of Directors will be based on merit against an objective criteria that complements and expands the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board.

# CORPORATE GOVERNANCE

## Chairman and Chief Executive Officer

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

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The Company practices a clear division of responsibilities between the Chairman and the Chief Executive Officer (the "CEO") to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The roles of the Chairman and CEO are separate. Mr. Serge Pun is the Executive Chairman while Mr. Cyrus Pun is the CEO of the Company. Mr. Cyrus Pun is the son of Mr. Serge Pun.

## Role of Chairman

Mr. Serge Pun plays an instrumental role in providing the Company with strong leadership and vision, assisting the Board to develop policies and strategies and ensuring that these are implemented effectively, as well as to promote high standards of corporate governance.

As the Executive Chairman, he bears primary responsibility for the workings of the Board by ensuring effectiveness in all aspects of its role, including setting the agenda for Board meetings with input from Management and exercising control over the quality, quantity and timeliness of information flow between the Board and Management to encourage constructive relations within the Board and between the Board and Management. To promote a culture of openness and debate at the Board, he ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues and he also facilitates the effective contribution of Non-Executive Independent Directors.

## Role of the CEO

The role of the CEO includes:

- (a) running the day-to-day operations of the Company; and
- (b) implementing the Company's strategies and policies.

## Role of the Lead Independent Director

As the Executive Chairman and CEO are immediate family members and are both part of Management, the Board has appointed Mr. Basil Chan as the Lead Independent Director to lead and co-ordinate the activities of the Non-Executive Independent Directors in circumstances where it would be inappropriate for the Executive Chairman to serve in such capacity. The Lead Independent Director assists the Board in ensuring effective corporate governance in managing the affairs of the Board and the Company. Led by the Lead Independent Director, the Non-Executive Independent Directors meet amongst themselves without the presence of the other Directors and Management where necessary, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

The Lead Independent Director also facilitates a two-way flow of information between the shareholders, the Executive Chairman and the Board, and is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman or the CEO has failed to resolve them or is inappropriate.



# CORPORATE GOVERNANCE

## Board Membership

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

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The majority of the members of the NC including the Chairman of the NC are Non-Executive Independent Directors. The Lead Independent Director is the Chairman of the NC.

## Nominating Committee

Mr. Basil Chan (Chairman)  
Mr. Robin C. Lee  
Mr. Serge Pun

The NC is regulated by a set of written terms of reference endorsed by the Board, setting out the duties and responsibilities of its members. The responsibilities of the NC include:

- (a) developing and maintaining a formal and transparent process for the appointment of new Directors, including the nomination and selection process of the new Director and how he/she will fit in the overall competency of the Board;
- (b) reviewing the re-appointment of Directors;
- (c) reviewing the Board succession plans for Directors;
- (d) determining annually whether a Director is independent, bearing in mind the circumstances set forth in the Code;
- (e) recommending to the Board as to whether the Director is to be considered independent, based on the returns submitted by the Directors upon his/her appointment and subsequently on an annual basis in the form set out in the NC's terms of reference;
- (f) reviewing the change in circumstances upon notification of an Independent Director to the Board that he no longer meets the criteria for independence as a result of a change in circumstances and making its recommendation to the Board;
- (g) deciding whether a Director is able to and has adequately carried out his duties as a Director of the Company in particular where the Director concerned has multiple board representations;
- (h) developing and maintaining a formal assessment process for the evaluation of the effectiveness of the Board as a whole and the contributions of each Director to the Board's effectiveness;
- (i) developing a process for evaluation of the performance of the Board, its Board Committees and Directors;
- (j) deciding on how the Board's performance may be evaluated and proposing objective performance criteria for the Board's approval;
- (k) retaining such professional consultancy firm as it may deem necessary to enable it to discharge its duties hereunder satisfactorily;
- (l) reviewing the training and professional development programs for the Board;
- (m) considering the various disclosure requirements for the appointment of Directors, particularly those required by regulatory bodies such as the SGX-ST; and
- (n) undertaking such other duties as may be agreed to between itself and the Board.

# CORPORATE GOVERNANCE

## Re-nomination of Directors

The NC reviews annually the nomination of the relevant Directors for re-election and re-appointment as well as the independence of Directors. The NC conducts an annual performance assessment of individual Directors. When considering the nomination of Directors for re-election and re-appointment, the NC takes into account their contribution to the effectiveness of the Board, preparedness, participation and the competing time commitment faced by Directors with multiple board representations. The NC, in assessing the performance of each individual Director, considers whether sufficient time and attention has been given by the Director to the affairs of the Company. It also has regard to the Director's other Board memberships and commitments.

Some of the Directors have multiple board representations and other principal commitments. However, the Board has not set a guide on the maximum number of Board representation each Director may hold as the Board and NC are of the view that the Directors have demonstrated their commitment and effectiveness in discharging their duties and responsibilities and avoiding actual or potential conflicts of interest from serving on other Boards. In determining whether each Director is able to devote sufficient time to discharge his duty, the contributions made by the Directors to and during meetings of the Board and Board Committees as well as their attendance at such meetings are also taken into account. The NC also believes that it is for each Director to assess his/her own capacity and ability to undertake other obligations or commitments while serving on the Board effectively, and that any maximum number established is unlikely to be representative of the participation, commitments and skills and expertise that a Director may contribute to the Board, and its overall effectiveness.

The Directors are subject to re-election at least once every three (3) years and the Constitution of the Company provides that at least one-third of the Directors for the time being, shall retire as Directors at each AGM of the Company. In view of the foregoing, Mr. Serge Pun and Mr. Robin C. Lee will retire and seek re-election pursuant to Regulation 99(2) of the Constitution of the Company.

In addition, as Mr. Cyrus Pun and Mr. Vincent Chan were appointed as Directors during the year, they will retire and seek re-election pursuant to Regulation 99 of the Constitution of the Company.

Shareholders are provided with relevant information on the candidates for election or re-election. Please refer to Pages 135 to 141 setting out "Additional Information of Directors seeking election or re-election" of this Annual Report.

## Criteria and Process for Appointment of New Directors

The NC reviews annually the balance and diversity of skills, experience and knowledge required by the Board and the size of the Board which would facilitate decision-making. It will also consider the need to position and shape the Board in line with the evolving needs of the Company and the business. The NC, in consultation with Management, assesses if there is any adequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment. The NC's criteria for selections and appointment of new Directors is based on potential candidates' skills, knowledge and experience. External help may be used to source for potential candidates if need be. Directors and Management may also make recommendations. The NC would conduct a review of the skills and experience that is needed of a potential candidate and thereafter actively seek out such potential nominees that can provide positive contributions in those areas to the Board by conducting external searches. The NC will take an active role in screening and interviewing potential candidates before assessing the candidate's suitability and recommending him/her for nomination to the Board.

# CORPORATE GOVERNANCE

## Board Performance

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*Principle 5:* There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board.

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The Board acknowledges the importance of a formal assessment of the Board's performance and in line with the principles of good corporate governance, they adopted a formal system of evaluating the performance of the Board as a whole and its Board Committees, as well as to assess the contributions by the Chairman and each Director which had been made during FY2019.

The results of the performance evaluation will be collated by the Company Secretaries for the NC's review and consideration. Thereafter, the NC will make recommendations to the Board on enhancements to improve the effectiveness of the Board as a whole, its Board Committees and individual Directors.

For FY2019, Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board and Board Committees. The appraisal process took into account objective performance criteria which would allow for comparison with industry peers and addresses how the Board has enhanced long-term shareholder value. The appraisal took into account factors and criteria such as the Board's structure, size, composition, conduct of meetings, processes, responsibilities and communication with shareholders. Completed forms were returned for collation and compilation on a non-attribution basis, so that open and frank feedback and comments can be encouraged. The compiled report was then sent to the NC for its deliberation and discussion.

The NC has also made available a process of assessment of the contribution made by each Director towards the effectiveness of the Board and Board Committees, taking into account factors such as the Director's attendance, participation and contribution at the Board and Board Committee meetings. The NC also takes into consideration the feedback from individual Directors on areas relating to the Board and Board Committee's competencies and effectiveness.

Based on the results of the review, the NC is satisfied that the Board, its Board Committees and individual Directors were able to carry out and execute their duties and responsibilities effectively.

## Access to Information

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

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## Complete, Adequate and Timely Information and Access to Management

Prior to each meeting, members of the Board and Board Committees are provided with the meeting agenda and the relevant documents submitted by Management, containing where possible and practicable, complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings. Comprehensive quarterly financial reports, which include background and explanatory information, are submitted to the Board for approval and release to the public. Management and the Company's Independent Auditor, who can provide additional insight into the matters for discussion, are also invited from time to time to attend such meetings.

Where the Board's or a Board Committee's approval is sought, relevant background and explanatory information on the specific matter is provided to enable Directors to understand the issues and to request for further information, as necessary. The Directors have separate and independent access to Management as and when they require further enquiries or additional information. Management endeavours to meet their requirements in a timely manner so as to enable them to make informed decisions.

# CORPORATE GOVERNANCE

## Company Secretary

The Board has separate and independent access to Memories Group's Management and the Company Secretaries. The Company Secretaries play a significant role in supporting the Board in discharging their duties and are trained in legal and company secretarial practices. The responsibilities of the Company Secretaries include:

- (a) attending all Board meetings;
- (b) preparing minutes of these meetings;
- (c) ensuring compliance with applicable laws and regulations;
- (d) ensuring compliance with internal procedures and guidelines of Memories Group;
- (e) the maintenance and updating of all statutory books and records;
- (f) ensuring good information flows within the Board and the respective Board Committees and between Management and Non-Executive Directors;
- (g) advising the Board on governance matters; and
- (h) facilitating orientation and assisting with professional development as required.

The appointment and removal of the Company Secretaries are matters for the Board to decide as a whole.

## Independent Professional Advice

The Directors, whether as a group or individually, are entitled to seek and obtain independent professional advice in the furtherance of their duties and in the event that circumstances warrant the same. The expenses incurred in procuring such advice shall be borne by the Company.

# CORPORATE GOVERNANCE

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies Level and Mix of Remuneration

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- Principle 7:* There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.
- Principle 8:* The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.
- Principle 9:* Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.
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All members of the RC are Non-Executive Independent Directors. Ms. Judy Chan had on 23 November 2018 resigned as a Non-Executive Independent Director of the Company, resulting in the RC comprising less than three (3) Directors. The Company is in the process of finding a suitable candidate to be appointed to the RC and will make the appropriate appointments and announcement in due course.

#### Remuneration Committee

Mr. Robin C. Lee (Chairman)  
Mr. Basil Chan

The RC is regulated by a set of written terms of reference endorsed by the Board, setting out the duties and responsibilities of its members. The responsibilities of the RC include:

- (a) developing and maintaining a formal and transparent policy for the determination of the Directors' remuneration including but not limited to the Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;
- (b) recommending to the Board a framework of remuneration for the Directors and key management personnel and specific remuneration packages for the Executive Chairman and the CEO;
- (c) reviewing the specific remuneration of each key management personnel;
- (d) considering what compensation commitments the Directors' contracts of service, if any, would entail in the event of early termination and ensuring that such contracts of service contain fair and reasonable termination clauses;
- (e) ensuring that the level of remuneration offered is appropriate to the level of contribution taking into account factors such as effort and time spent, pay and employment conditions within the industry and in comparable companies and responsibilities taken;
- (f) reviewing whether the Directors and key management personnel should be eligible for benefits under long-term incentive schemes and to evaluate the cost and benefits of long-term incentive schemes;
- (g) making recommendations in consultation with the CEO and submitting its recommendations for endorsement by the entire Board; and
- (h) considering the various disclosure requirements for the Directors' remuneration, particularly those required by regulatory bodies such as the SGX-ST, and ensuring that there is adequate disclosure in the financial statements and/or other relevant public documents (if applicable) to ensure and enhance transparency between the Company and relevant parties.

# CORPORATE GOVERNANCE

## RC's Evaluation Criteria and Recommendations on Directors' Remuneration

No Director was involved in deciding his own remuneration. The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. There were no remuneration consultants engaged by the Company in FY2019.

In setting the remuneration packages of the Executive Directors and key management personnel, the RC takes into consideration their responsibilities, skills, expertise and contribution, industry practices and norms in compensation. An appropriate portion of the Executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Such performance-related remuneration is performance related and is linked to the financial and operational performance of Memories Group.

The RC recognises that long-term incentives reinforce the delivery of long-term growth and shareholder value to drive an ownership culture and retain key talent. Shareholders had on 18 December 2017 approved the Memories Performance Share Plan ("Memories PSP") for the remuneration of the Directors and employees of Memories Group. The Memories PSP is administered by the RC. Award of shares are largely subject to a vesting period even upon the satisfaction of the performance criteria. On 4 April 2018, the Company granted a share award of 1,000,000 ordinary shares in the Company under the Memories PSP to Mr. Michel Novatin, the former Executive Director and Chief Executive Officer. 50% of the award comprising 500,000 shares had been forfeited during the fourth quarter of FY2019. The Company had issued and allotted 500,000 new ordinary shares in April 2019 to Mr. Michel Novatin upon vesting of this share award. Details of the Memories PSP are set out in the Directors' Statement section of this Annual Report.

## Disclosure on Directors' Remuneration

The RC has taken into consideration the various disclosure requirements for the Directors' remuneration, particularly those required by regulatory bodies such as the SGX-ST, and also to enable adequate disclosure in the financial statements for enhanced transparency.

## Disclosure of Remuneration for FY2019

Non-Executive Directors are paid Directors' fees which are subject to shareholders' approval at a general meeting. The RC had recommended to the Board the payment of the Directors' fees of S\$105,092 for FY2019, which had been approved by shareholders at the annual general meeting held on 25 July 2018.

The remuneration structure for the Directors for FY2019 are as follows:

Name of Director	Base/Salary (%)	Variable Component or Bonus (%)	Benefits-in-kind, Allowances and Other Incentives (%)	Share Awards (%)	Directors Fees (%)	Total (S\$)
<b>Executive Directors</b>						
Mr. Serge Pun	86	-	14	-	NA	208,800
Mr. Cyrus Pun <sup>1</sup>	86	-	14	-	NA	49,200
Mr. Michel Novatin <sup>2</sup>	72	-	28	- <sup>5</sup>	NA	378,422
<b>Non-Executive Non-Independent Directors</b>						
Mr. Tun Tun	-	-	-	-	100	20,000
Mr. Vincent Chan <sup>3</sup>	-	-	-	-	100	2,500
<b>Non-Executive Independent Directors</b>						
Mr. Basil Chan	-	-	-	-	100	43,000
Mr. Robin C. Lee	-	-	-	-	100	28,000
Ms. Judy Chan <sup>4</sup>	-	-	-	-	100	11,592

### Notes:

- The remuneration in the table reflects the salary of Mr. Cyrus Pun as the Chief Executive Officer from 1 February 2019 to 31 March 2019. He was appointed as the Chief Executive Officer on 1 February 2019.
- The remuneration in the table reflects the salary of Mr. Michel Novatin as the Chief Executive Officer from 1 April 2018 to 31 January 2019. He resigned as the Chief Executive Officer on 31 January 2019.
- The remuneration in the table reflects the fees of Mr. Vincent Chan as a Non-Executive Non-Independent Director from 1 February 2019 to 31 March 2019. He was appointed as a Non-Executive Non-Independent Director on 1 February 2019.
- The remuneration in the table reflects the fees of Ms Judy Chan as a Non-Executive Independent Director from 1 April 2018 to 23 November 2018. She resigned as a Non-Executive Independent Director on 23 November 2018.
- Please refer to the above write-up on the share award granted to Mr. Michel Novatin under the Memories PSP.

# CORPORATE GOVERNANCE

The Company only has one (1) key management personnel (excluding the Executive Chairman and the CEO) as at the date of this Annual Report. The level and mix of the remuneration of key management personnel (who are not directors or the CEO), in bands of S\$250,000, for FY2019, are set out below:

Remuneration Band and Names of Key Management Personnel	Base/Fixed Salary (%)	Variable Component or Bonuses (%)	Benefits-in-kind, Allowances and Other Incentives (%)	Total (%)
Up to S\$250,000				
Mr. Jean Michel Alain Romon <sup>1</sup>	100	–	–	100
Mr. Steven Teo Yam Beng <sup>2</sup>	100	–	–	100
Mr. Ng Jia Wei	79	–	21	100
Mr. Raymond James Bragg <sup>3</sup>	79	–	21	100

Notes:

1. The remuneration in the table reflects the salary of Mr. Jean Michel Alain Romon as the Chief Operating Officer from 1 April 2018 to 7 September 2018. He resigned as the Chief Operating Officer on 7 September 2018.
2. The remuneration in the table reflects the salary of Mr. Steven Teo Yam Beng as the Chief Financial Officer from 1 April 2018 to 30 April 2018. He resigned as the Chief Financial Officer on 30 April 2018.
3. The remuneration in the table reflects the salary of Mr. Raymond James Bragg as the Chief Operating Officer from 21 January 2019 to 31 March 2019. He resigned as the Chief Operating Officer on 30 April 2019.

The aggregate amount of the total remuneration paid to the abovementioned top key management personnel for FY2019 was approximately S\$828,693. During FY2019, no termination, retirement and post-employment benefits have been granted to the Directors, the CEO or the top key management personnel and senior management.

Apart from Mr. Serge Pun and Mr. Cyrus Pun (who is the son of Mr. Serge Pun), there are no employees who are immediate family members of a director or CEO, and whose remuneration exceeded S\$50,000 during FY2019.

## ACCOUNTABILITY AND AUDIT

### Accountability

*Principle 10:* The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to shareholders, and Management is accountable to the Board.

The Board undertakes the responsibility of overseeing Memories Group's corporate performance and is accountable to shareholders for the processes and structure of directing and managing Memories Group's business and affairs.

Management's accountability role is to report to the Board on Memories Group's operational and financial performance by keeping the Board informed and updated with clear and precise financial and management reports on a regular basis.

Aside from adopting the Company's corporate governance practices in line with the spirit of the Code, the Company also observes obligations of continuing disclosures under the Catalist Rules by making timely, adequate and non-selective disclosure of information.

# CORPORATE GOVERNANCE

## Risk Management and Internal Controls Audit and Risk Management Committee

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

*Principle 12:* The Board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

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The ARMC was established by the Board and all members of the ARMC including the ARMC Chairman are Non-Executive Directors. A majority of the members of the ARMC including the ARMC Chairman are independent. The Chairman of the ARMC is experienced in audit, financial and general management.

### Audit and Risk Management Committee

Mr. Basil Chan (Chairman)  
Mr. Tun Tun  
Mr. Robin C. Lee

The ARMC is authorised by the Board to investigate any matters it deems appropriate within its terms of reference and has direct and unrestricted access to the Independent Auditor and the internal auditor. It may invite any Management, any officer or employee of the Company, the Independent Director, Independent Auditor and the internal auditor to attend its meetings. It is also authorised to engage any firm of accountants, lawyers or other professionals as it sees fit to provide independent counsel and advice to assist in the review or investigation on such matters within its terms of reference as it deems appropriate, at the Company's expense. The duties within its written terms of reference include:

- (a) reviewing with the Independent Auditor and the internal auditor the audit plan, their evaluation of the system of internal accounting controls, their audit report, their management letter and the Management's response;
- (b) reviewing the quarterly, half-yearly and annual financial statements of Memories Group before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- (c) reviewing the internal controls and procedures and ensure co-ordination between the Independent Auditor, the internal auditor and the Management, review the assistance given by Management to the Independent Auditor and the internal auditor and discuss problems and concerns, if any, arising from the audits, and any matters which the Independent Auditor and the internal auditor may wish to discuss (in the absence of Management where necessary);
- (d) reviewing and discussing with the Independent Auditor and internal auditor 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 Management's response;
- (e) considering the appointment or re-appointment of the Independent Auditor, the audit fee, and matters relating to the resignation or dismissal of the Independent Auditor;
- (f) reviewing transactions falling within the scope of Interested Person Transactions and the Catalist Rules, and in particular matters pertaining to acquisitions and realisations;
- (g) reviewing and approving 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;



# CORPORATE GOVERNANCE

- (h) reviewing the adequacy and structure of the finance function on an on-going basis and take appropriate remedial actions as may be necessary;
- (i) monitoring and reviewing Memories Group's control of cash and banking procedures;
- (j) reviewing the adequacy and effectiveness of Memories Group's internal audit function. Prior to the decommissioning of such annual internal control audits, the ARMC is required to report to the Board on the basis for the decision to decommission the internal control audit. Such audits may be re-initiated by the ARMC;
- (k) undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the ARMC;
- (l) monitoring and reviewing whether there may be occurrence of any potential buyback events as set out in requiring the potential buybacks;
- (m) reviewing whether any internal control weaknesses as identified by the Independent Auditor and internal auditor have been fully addressed;
- (n) generally undertaking 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;
- (o) determining and recommending to the Board for its approval, the nature and extent of significant risks in achieving the Board's strategic objectives. In particular, the ARMC should determine the Company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems. The ARMC should also oversee and advise the Board on the current risk exposures and future risk strategy of the Company; and
- (p) reviewing the effectiveness of the Company's internal controls and risk management systems, including, financial, operational, compliance and information technology controls and risk management policies and reviews findings of the internal auditor.

The Board is of the view that all the members, including the Chairman of the ARMC, have relevant accounting, financial, business management, corporate expertise and work experience to discharge their responsibilities as set out in its term of reference.

The Board, supported by the ARMC, oversees Memories Group's system of internal controls and risk management. The ARMC is in turn advised by the Independent Auditor and the internal auditor who review the adequacy and effectiveness of material internal controls, including financial, operational, compliance and information technology controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the ARMC.

Based on the framework of risk management and internal controls established and maintained by the Management, the reviews carried out by the respective Board Committees, work performance by the Independent Auditor and internal auditor, and assurance provided by the CEO and Financial Controller, the Board and the ARMC are of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2019.

The Board notes that the risk management and internal control systems put in place provides reasonable, but not absolute assurance that Memories Group will not be significantly affected by any material adverse event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no risk management and internal control systems can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

The Board has received assurance from the CEO and the Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of Memories Group's operations and finances, and the Company has put in place and will continue to maintain an effective system of risk management and internal controls.

The Independent Auditor updates the ARMC on all changes to accounting standards and issues which have a direct impact on Memories Group's financial statements. The ARMC members from time to time attend training to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.

The ARMC has met with the Independent Auditor and the internal auditor once without the presence of Management in FY2019.

The aggregate amount of audit fees paid/payable to the Company's Independent Auditor, Nexia TS Public Accounting Corporation, for FY2019 was S\$185,000. No non-audit fees were paid/payable to the Independent Auditor for FY2019.

# CORPORATE GOVERNANCE

Nexia TS Public Accounting Corporation is registered with the Accounting and Corporate Regulatory Authority. The Company has complied with Catalist Rules 712 and 715 in relation to the appointment of Nexia TS Public Accounting Corporation as the Independent Auditor for the Company's audit obligations for FY2019.

After considering the above and the adequacy of the resources and experience of the current auditing firm and the audit engagement director assigned to the audit, the firm's other audit engagements, the size and complexity of Memories Group and the number and experience of supervisory and professional staff assigned to the particular audit, the ARMC has recommended to the Board the re-appointment of Nexia TS Public Accounting Corporation as the Independent Auditor of the Company for the financial year ending 31 March 2020.

## Commentaries on Key Audit Matters

The ARMC has discussed significant financial reporting matters with Management and the Independent Auditor which have been included as key audit matters ("KAMs") in the Independent Auditor's report for FY2019, as set out in pages 50 to 53 of this Annual Report.

Key Audit Matters	How The Matter Was Addressed In Our Audit And The Findings
<p><b>Acquisitions of Kayah Resort Business ("KR business"), and 100% interest of SM Asset Holdings Pte. Ltd. ("SMAH") and 20% interest of Mokaan (S) Pte. Ltd. ("Mokaan") (collectively, the "SMAH Group")</b></p> <p>In FY2019, Memories Group completed the acquisitions of KR business and SMAH Group for fair value of considerations of US\$2.48 million and US\$29.74 million respectively. It recognised a goodwill of US\$1.49 million and gain on bargain purchase of US\$7.67 million from the acquisitions of KR business and SMAH Group respectively based on the Purchase Price Allocation ("PPA") exercises at each acquisition date in accordance with SFRS(I) 3 <i>Business Combination</i>.</p>	<p>The ARMC reviewed the Management's processes for the review and determination of the accounting for its business combinations, including the acquisition of 20% interest of Mokaan as one single transaction of obtaining full control over SMAH Group, the treatment of goodwill and gain on bargain purchase, the identification of intangible assets and determination of fair values of purchase considerations, assets acquired and liabilities assumed, where significant estimates and judgments were involved in the PPA exercises. The ARMC had been regularly briefed on Management's plans for its investments. The ARMC considered the audit procedures performed by the Independent Auditor in relation to the accounting for business combinations and was satisfied with the accounting and disclosures in the financial statements for Memories Group's investments.</p>
<p><b>Impairment of goodwill and intangible assets with indefinite useful lives (trademark and brand)</b></p> <ul style="list-style-type: none"> <li>(i) Goodwill on Services business segment of US\$5.48 million;</li> <li>(ii) Goodwill on Hotels business segment of US\$2.03 million;</li> <li>(iii) Goodwill on Experiences business segment of US\$0.26 million;</li> <li>(iv) Trademark attributable to Services business segment of US\$1.06 million; and</li> <li>(v) Brand attributable to Experiences business segment of US\$0.06 million.</li> </ul>	<p>The ARMC has considered the approach and methodology applied to the value-in-use ("VIU") model in the impairment assessment.</p> <p>The ARMC reviewed the outcomes of the goodwill and intangible assets with indefinite useful lives (trademark and brand) impairment processes and discussed the details of the review with Management, focusing on the key assumptions applied in the VIU calculations of the cash generating units (CGUs). The ARMC also discussed the above with the Independent Auditor on the work performed over the appropriateness of the assumptions used, namely, the projected revenue, average budgeted gross margin, growth rate, operating expenses and discount rate and was satisfied that these were appropriate. The ARMC was satisfied with the impairment review process, the approach and methodology used and the assessment that no impairment of goodwill and intangible assets with indefinite useful lives (trademark and brand) was required as at end of FY2019.</p>
<p><b>Going concern assumption</b></p> <p>Memories Group had reported net loss before income tax (excluding gain on bargain purchase) of US\$5.61 million for FY2019, and as at 31 March 2019, total cash and bank balances decreased by US\$6.80 million from 31 March 2018 mainly due to outflows of cash from operating and investing activities. As at 31 March 2019, Memories Group and the Company were in net current liabilities positions of US\$9.06 million and US\$3.82 million respectively. In addition, Memories Group had trade and other payables of US\$12.72 million and borrowings of US\$1.04 million due within 12 months from 31 March 2019.</p>	<p>The ARMC reviewed the appropriateness of going concern basis of accounting used by the Management in the preparation of the financial statements in view of Memories Group's financial results and cash flows for FY2019 as well as Memories Group and the Company's net current liabilities position and cash and bank balances as at 31 March 2019.</p> <p>The ARMC reviewed all the relevant financial and non-financial factors set out by the Management, taking into consideration the cash flow projections presented by the Management and the new bank loan amounting to US\$7.33 million (equivalent to Kyat 11 billion) secured by Memories Group on 20 June 2019.</p> <p>Accordingly, the ARMC is satisfied that there are adequate funding in place as at the date of this Annual Report to enable Memories Group and the Company to continue as a going concern.</p>

# CORPORATE GOVERNANCE

## Internal Audit

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

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The Board believes it is crucial to put in place a system of internal controls of Memories Group's procedures and processes to safeguard shareholders' interests and our assets, and to manage risks.

The Company's internal audit function is outsourced to BDO LLP that reports directly to the ARMC Chairman and administratively to the CEO and the Financial Controller. The ARMC annually reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The ARMC is satisfied that the internal auditor is adequately qualified (given, *inter alia*, its adherence to standards set by internationally recognised professional bodies), independent and adequately resourced, and has the appropriate standing in the Company to discharge its duties effectively.

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Shareholder Rights

#### Communications with Shareholders

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

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

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### Shareholders Rights & Responsibility

Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders.

The Constitution of the Company allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may attend and vote at general meetings.

#### Communication with shareholders

The Company has in place a communication framework that disseminates timely and complete financial data, price-sensitive information and material developments to shareholders. Quarterly releases of financial results and all other information including presentation materials are first announced on the website of SGX-ST via SGXNet and then posted on the Company's website at <http://www.memoriesgroup.com>, to promote regular, effective and fair communication. The Company's latest financial results and annual reports are available on its website. Investor relations contact details are also provided on the Company's website. The Company also issues press releases after the release of significant developments. The Company makes timely disclosures of any new material information on the SGXNet. These filings are also posted on the Company's website, allowing investors to keep abreast of strategic and operational developments.

The Company reports financial results on a quarterly basis, within the prescribed forty-five (45) days from the end of each financial quarter for the first three quarters and within sixty (60) days from the end of the financial year.

The Company has implemented a Dividend Policy which aims to provide a return to shareholders once a year through the payment of dividends, after taking into account Memories Group's financial performance, short and long term capital requirements, future investment plans, general global and business economic conditions.

For FY2019, no dividend has been recommended as Memories Group intends to conserve cash for working capital.

# CORPORATE GOVERNANCE

## Conduct of Shareholder Meetings

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

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The Company also encourages active shareholder participation at its general meetings. It delivers the notice of AGM and related information at least fourteen (14) days in advance. In each notice of AGM, the Company provides explanatory notes for most of the agenda items which require shareholders' approval. Notices of meetings are also published in *The Business Times*. Reports or circulars of the general meetings are despatched to all shareholders by post. The Company also holds its general meetings at a central location in Singapore with convenient access to public transportation.

Shareholders who are unable to attend the general meetings may appoint up to two (2) proxies each to attend and vote on their behalf and shareholders who hold shares through nominees and custodial services may attend the general meetings as observers without being constrained by the two (2) proxies requirement. Shareholders are given an opportunity to air their views and ask questions regarding the Company and Memories Group at the general meetings. The Directors and key management personnel are in attendance to address queries and concerns about the Company. The Company's Independent Auditor also attends the AGM to help address shareholders' queries relating to the conduct of the audit and the preparation and content of the auditors' reports.

The Company's Constitution allow for abstentia voting (including but not limited to the voting by mail, electronic mail or facsimile).

All resolutions are put to vote by poll and a scrutineer will also be appointed to count and validate the votes cast at the meetings. Voting and vote tabulation procedures will be disclosed at the general meetings. The total number of votes cast for or against the resolutions and the respective percentages will also be announced on SGXNet after the general meetings. The Company Secretaries prepare minutes of general meetings, which incorporate substantial comments or queries from shareholders and response from the Board and Management. These minutes are available to shareholders upon their requests.

## Interested Person Transactions

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions. This policy requires Directors to disclose their interest in transactions and any other conflicts of interest and to abstain from participating in Board discussions on a particular agenda when they are conflicted. The Company discloses trading in the Company's shares by its Directors where such trading has taken place.

All interested person transactions are subject to review by the ARMC which determines whether such transactions are not prejudicial to the interest of the Company and its minority shareholders.

Shareholders' approval for the Company's interested person transactions mandate ("**Shareholders' Mandate**") was obtained at the extraordinary general meeting held on 18 December 2017 and took effect from 26 December 2017. It was renewed at the AGM held on 25 July 2018. The Company is proposing to seek shareholders' approval to renew the Shareholders' Mandate at the forthcoming AGM.

# CORPORATE GOVERNANCE

The details of interested person transactions conducted for FY2019 are set out as below:

Name of Interested Person	Aggregate value of all interested person transactions during FY2019 (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during FY2019 which are conducted under Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Associates of Mr. Serge Pun: -		
Construction Services <sup>(1)</sup>	-	US\$4,837,051 <sup>(a)</sup>
Rental of office units <sup>(2)</sup>	-	US\$238,018
Support Services <sup>(3)</sup>	-	US\$613,466
Finance	US\$661,813 <sup>(b)</sup>	US\$30,169 <sup>(3)(4)</sup>
Airline Services <sup>(5)</sup>	-	US\$2,585
<b>Total</b>	<b>US\$661,813</b>	<b>US\$5,721,289</b>

Notes:

<sup>(1)</sup> SPA Design and Project Services Limited

<sup>(2)</sup> Yoma Development Group Limited

<sup>(3)</sup> Yoma Strategic Holdings Ltd.

<sup>(4)</sup> YOMA Bank Limited

<sup>(5)</sup> FMI Air Limited

<sup>(a)</sup> The bulk of this amount relates to payment to third party sub-contractors by SPA Design and Project Services Limited for the provision of project management services for Memories Group's hotels.

<sup>(b)</sup> This is an one-off loan (plus interest) to Pun Hlaing Lodge Limited, a subsidiary of Yoma Strategic Holdings Ltd., in exchange for the release of its land grant for the benefit of the Company as a security for, and is on the same interest terms as, the Company's bank loan.

## Dealing in Securities

The Company has adopted an Internal Code on Dealings in Securities by its officers who have access to price-sensitive or confidential information. Directors and employees of the Company are required to observe this code and adhere to the following rules at all times:

- (a) to observe insider trading laws and avoid potential conflict of interests at all times when dealing in securities;
- (b) not to deal in the Company's shares while in possession of unpublished material price sensitive information; and
- (c) not to deal in the Company's shares for short term considerations; and not to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial statement for each of the first three-quarters of its financial year, or one (1) month before the announcement of the Company's full year financial statements, and ending on the date of announcement of such results.

The Directors are required to report any dealing in the Company's shares within two (2) business days of such dealing.

# CORPORATE GOVERNANCE

## CODE OF BUSINESS CONDUCT

The Company has adopted a Code of Business Conduct to regulate the standards of its ethical conduct for its Directors, officers and employees. They are required to observe the Code of Business Conduct and also maintain high standards of integrity in compliance with the law, regulations and our policies.

## WHISTLE-BLOWING POLICY

The Company has approved and implemented a whistle-blowing policy which encourages its employees, in confidence, to raise concerns about possible corporate improprieties in matters of financial reporting and other matters.

Reports under the Whistle-Blowing Policy may be made to the Non-Executive Non-Independent Director, Mr. Tun Tun who is a member of the ARMC. The ARMC is of the view that it is appropriate that such reports are made to Mr. Tun Tun as he is a Myanmar national and is based in Myanmar where Memories Group's businesses are located. He will consider the information made available to him and decide on:

- the creation and constitution of an investigating committee, if necessary;
- the person who will lead the investigation;
- the procedure(s) to be followed; and
- the scope of the concluding report.

All whistle-blowing reports and investigations shall be reported to the ARMC for its attention and further action as necessary.

The Company's whistle-blowing policy assures its employees who make reports in good faith of malpractice or impropriety in the workplace that they will not be dismissed, penalised or discriminated against by the Company as a result of the making of such reports.

## Material Contracts

There were no material contracts entered into by Memories Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.

## Non-Sponsor Fee

There were no non-sponsor fees paid to PrimePartners Corporate Finance Pte. Ltd. in FY2019.

# USE OF PLACEMENT PROCEEDS

On 4 January 2018 the Company raised net proceeds of S\$7.615 million from the placement of 42,600,000 new ordinary shares at S\$0.25 per share in the issued and paid-up capital of the Company (the "Placement"). As at 26 June 2019, the Company has utilised the net proceeds as follows:-

Use of Net Proceeds from the Placement	Amount Allocated S\$'000	Amount Utilised S\$'000	Balance S\$'000
Completion of construction of Pun Hlaing Lodge (now known as Awei Metta)	3,046	3,046	-
Expenditure for branding and marketing efforts and developing an integrated technology platform	762	517	245
Working capital <sup>(1)</sup>	761	761	-
Investment in or acquisition of further hospitality and tourism assets in Myanmar	3,046	3,046	-
Net proceeds	7,615	7,370	245

**Note:**

<sup>(1)</sup> Used for payment of salaries, professional costs and upkeep of assets.

The use of net proceeds is in accordance with the intended use for the Placement as stated in the Company's Placement announcement dated 4 January 2018.

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# FINANCIAL CONTENTS

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# DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

The Directors present their statement to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 March 2019 and the statement of financial position of the Company as at 31 March 2019.

In the opinion of the Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 56 to 128 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Directors have on this statement, authorised these financial statements for issue.

## DIRECTORS

The Directors of the Company in office as at the date of this statement are as follows:

Mr. Serge Pun @ Theim Wai  
Mr. Basil Chan  
Mr. Tun Tun  
Mr. Robin Lee Chye Beng  
Mr. Pun Chi Yam Cyrus (appointed on 1 February 2019)  
Mr. Chan Chun Hung Vincent (appointed on 1 February 2019)

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

- (a) According to the register of Directors' shareholdings, none of the Directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee			Holdings in which director is deemed to have an interest		
	At 21.4.2019	At 31.3.2019	At 1.01.2019 or date of appointment, if later	At 21.4.2019	At 31.3.2019	At 1.01.2019 or date of appointment, if later
<b>Company</b>						
Number of ordinary shares						
Mr. Serge Pun @ Theim Wai	103,000	54,100	-	-	209,026,274	209,026,274

- (b) By virtue of Section 7 of the Companies Act (Cap. 50), Mr. Serge Pun @ Theim Wai is deemed to have interests in the whole of the share capital of the Company's subsidiary corporations.
- (c) Save as disclosed above, the Directors' interests in the ordinary shares of the Company as at 21 April 2019 were the same as those as at 31 March 2019.

# DIRECTORS’ STATEMENT

For the financial year ended 31 March 2019

## PERFORMANCE SHARE PLAN

### Memories Performance Share Plan

The Memories Performance Share Plan (the “Memories PSP”) was approved by the Company’s shareholders at an Extraordinary General Meeting held on 18 December 2017.

The Memories PSP allows the Company to target specific performance objectives and to provide an incentive for eligible participants to achieve these targets, which ultimately will create and enhance economic value for shareholders. Through the Memories PSP, the Company will be able to motivate eligible participants to continue to strive for the Group’s long-term prosperity. In addition, the Memories PSP aims to foster an ownership culture within the Group.

Under the Memories PSP, the award of fully-paid shares, free of charge (the “Award”) to eligible participants will be determined at the absolute discretion of the Remuneration Committee (“RC”) which will oversee and administer the Memories PSP, provided that no member of the RC shall participate in any deliberation or decision in respect of Awards granted or to be granted to him. In considering the grant of an Award to a participant, the RC shall take into account (where applicable) criteria such as the rank, scope of responsibilities, performance, years of services and potential for future development of the participant. The length of the vesting period in respect of each Award will be determined by the RC 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 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.

The aggregate number of shares over which the RC may grant under the Memories PSP on any date, when aggregated any other share-based incentive scheme, shall not exceed 15% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time.

There were no Award granted to controlling shareholders of the Company or their associates (as defined in the SGX-ST Listing Manual Section B: Rules of Catalist) and no participant has received 5% or more of the total number of shares available under the Memories PSP during the financial year ended 31 March 2018.

On 4 April 2018 (“Date of Grant”), the Company granted an Award for an aggregate of 1,000,000 shares (the “Shares Award”) to the then Chief Executive Officer of the Company, Mr. Georges Michel Novatin, pursuant to the Memories PSP. Mr. Georges Michel Novatin ceased to be Chief Executive Officer of the Company on 31 January 2019. 50% of the Shares Award was forfeited during the fourth quarter of the financial year ended 31 March 2019. On 30 April 2019, 500,000 shares being the balance 50% of the Shares Award were vested and released.

The fair value of the share awards vested and released, determined based on the closing price of the Company’s shares as quoted on the SGX-ST as at the Date of Grant was estimated to be US\$72,000.

## SHARE OPTIONS

The Company had not adopted any share option plans.

# DIRECTORS’ STATEMENT

For the financial year ended 31 March 2019

## AUDIT AND RISK MANAGEMENT COMMITTEE

The members of the Audit and Risk Management Committee (the “ARMC”) at the end of the financial year were as follows:

Mr. Basil Chan (Chairman)  
Mr. Robin Lee Chye Beng  
Mr. Tun Tun

Majority of the members of the ARMC were independent and non-executive directors.

The ARMC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act (Cap. 50). In performing those functions, the ARMC reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company’s independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company’s management to the independent auditor; and
- the statement of financial position of the Company as at 31 March 2019 and the consolidated financial statements of the Group for the financial year ended 31 March 2019 before their submission to the Board of Directors as well as the independent auditor’s report on the consolidated financial statements of the Group and the statement of financial position of the Company.

The ARMC has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

## INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

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Mr. Serge Pun @ Theim Wai  
Director

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Mr. Pun Chi Yam Cyrus  
Director

26 June 2019

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

of Memories Group Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

We have audited the accompanying financial statements of Memories Group Limited (the “Company”) and its subsidiary corporations (the “Group”) which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 56 to 128.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### *Basis of Opinion*

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

### *Key Audit Matters*

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

Acquisitions of Kayah Resort Business (“KR business”), and 100% interest of SM Asset Holdings Pte. Ltd. (“SMAH”) and 20% interest of Mokan (S) Pte. Ltd. (“Mokan”) (collectively, “SMAH Group”)

See accounting policies on Note 2.3 (a) (ii)

Refer to Note 31 to the financial statements

### *Area of focus*

On 30 May 2018, the Group completed the acquisition of KR business from vendors for fair value of consideration of US\$2.48 million. The purchase consideration shall be paid in three tranches comprise of cash consideration and share consideration. Upon completion of the acquisition, KR business is held by the Group’s newly incorporated subsidiary corporation, Keinara Loikaw Company Limited.

In addition, the Company has on 26 October 2018, completed the acquisition of SMAH Group for fair value of consideration of US\$29.74 million from vendors pursuant to three conditional share purchase agreements (individually, the “SPA” or collectively, the “SPAs”) signed on 25 July 2018. Two of the SPAs relate to the acquisition of 100% of the entire issued and fully paid up capital of SMAH and the third SPA relates to the acquisition of 20% of Mokan’s shares. The remaining 80% of Mokan was owned by SMAH.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

of Memories Group Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### *Key Audit Matters (continued)*

Acquisitions of Kayah Resort Business (“KR business”), and 100% interest of SM Asset Holdings Pte. Ltd. (“SMAH”) and 20% interest of Mokaan (S) Pte. Ltd. (“Mokaan”) (collectively, “SMAH Group”) (continued)

See accounting policies on Note 2.3 (a) (ii)

Refer to Note 31 to the financial statements

### Area of focus (continued)

The acquisitions of 100% interest of SMAH and 20% interest of Mokaan shall be completed concurrently as per conditions precedent in the SPAs and are accounted for as one single transaction to obtain full control over SMAH Group.

The acquisitions of KR business and SMAH Group are accounted for using acquisition method in accordance with SFRS(I) 3 *Business Combinations*. SFRS(I) 3 requires the Group to recognise the identifiable assets and liabilities at fair value as at the date of acquisition, with the excess of the acquisition cost over the fair value of identifiable assets and liabilities as goodwill or a gain on bargain purchase when the acquisition cost is lower than the fair value of the identifiable assets and liabilities. Significant judgement is applied in the identification of any intangible assets acquired and contingent liabilities assumed in the transactions. Significant assumptions and estimates are also used in the determination of fair values of the identified assets acquired, liabilities assumed in the transactions and purchase considerations.

Management has engaged an independent valuer (“management expert”) to determine the fair value of identifiable assets, liabilities and purchase considerations at the respective acquisition dates. The Group recognised goodwill amounting to US\$1.49 million at the acquisition date of KR business and a gain on bargain purchase of US\$7.67 million for the acquisition of the SMAH Group based on the Purchase Price Allocation (“PPA”) exercises.

### How our audit addressed the matter

To evaluate the appropriateness of the accounting treatment for the acquisitions of KR business and SMAH Group, we have obtained the signed SPAs and read the significant terms relevant to the accounting and disclosure of the financial statements. We have assessed the management’s basis to treat these transactions as business combinations and the acquisition of 20% interest of Mokaan as one single transaction of obtaining full control over SMAH Group.

We have evaluated the competencies, capabilities and objectivity of the management expert. An important element of our audit relates to the identification and valuation of the acquired intangible assets, tangible assets and liabilities, particularly the fair value adjustments to property, plant and equipment and investment properties and the fair value of the purchase considerations. We corroborated this identification based on our discussion with management, the management expert and our understanding of KR business and SMAH Group.

The Group adjusted the fair values of property, plant and equipment, investment properties and purchase considerations pursuant to the PPA exercises and recognised goodwill and bargain purchase on the acquisitions. Together with our internal valuation specialists, we have evaluated the reasonableness of the methodologies and key assumptions used by management and the management expert in deriving the fair value adjustments and purchase considerations. We also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

of Memories Group Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### *Key Audit Matters (continued)*

#### Impairment of goodwill and intangible assets with indefinite useful lives (trademark and brand)

See accounting policies on Note 2.9 (a)

Refer to Note 19 (g) to the financial statements

#### Area of focus

During the financial year ended 31 March 2019, management performed impairment assessment on the following non-financial assets:

- Goodwill on services business segment of US\$5.48 million;
- Goodwill on hotels business segment of US\$2.03 million;
- Goodwill on experiences business segment of US\$0.26 million;
- Trademark attributable to services business segment of US\$1.06 million; and
- Brand attributable to experiences business segment of US\$0.06 million.

We considered the audit of management's impairment assessment of these assets to be a key audit matter due to the magnitude of the amounts recognised in the financial statements. In addition, the assessment process involved significant management estimates and was based on assumptions that are affected by future market and economic conditions. Management determined the recoverable amounts of the trademark, brand and the cash-generating units ("CGU") associated with the goodwill based on value-in-use calculations using discounted cash flows, which involved significant judgements in estimating the gross margin, weighted average growth rate and discount rate. Based on the impairment test, management concluded that these assets were not impaired as at 31 March 2019.

#### How our audit addressed the matter

We have evaluated the reasonableness of management's estimate of gross margin by taking into consideration each CGU's past performance, management's plan and expectation of market developments in Myanmar. We have reviewed management's forecasting process and assessed the reasonableness of key assumptions applied in the value-in-use calculation such as projected revenue, average budgeted gross margin, growth rate and operating expenses by comparing the forecast to actual results and through collaboration of management's key assumptions against available market data and industry trend. We have involved our internal valuation specialists to assist in the assessment of the appropriateness of the methodology used to compute the recoverable amounts and the discount rate applied by management.

We have evaluated management's sensitivity analysis of the recoverable amounts of each CGU. The sensitivity analysis involved in assessing the impact to the recoverable amounts of each CGU when reasonable possible changes to the weighted average growth rate and discount rate are made. We also reviewed the adequacy of the disclosures made in relation to the impairment assessment of goodwill and intangible assets with indefinite useful lives (trademark and brand) in the financial statements.

#### Going concern assumption

Refer to Note 3 to the financial statements

#### Area of focus

The Group reported net loss before income tax (excluding gain on bargain purchase) of US\$5.61 million for the financial year ended 31 March 2019, and as at that date, total cash and bank balances decreased by US\$6.80 million from 31 March 2018 mainly due to outflows of cash from operating and investing activities of US\$3.83 million and US\$18.17 million respectively as the Group repaid part of the construction costs for new hotels and acquired new businesses. As at 31 March 2019, the Group's and the Company's net current liabilities were US\$9.06 million and US\$3.82 million respectively. In addition, the Group has trade and other payables of US\$12.72 million and borrowings of US\$1.04 million due within 12 months from 31 March 2019.

Notwithstanding the above mentioned, management has prepared the financial statements on a going concern basis after considering the following:

- As at 31 March 2019, the Group was in the process of securing additional working capital through obtaining additional banking facilities. Subsequent to the financial year, the Group successfully secured additional term loans from a bank amounting to US\$7.33 million (equivalent to Myanmar Kyat 11 billion) on 20 June 2019 that will mature and be fully repayable in 2023; and
- Based on a 12-month cash flow projection, the Group and the Company will have sufficient cash flow to meet the operating requirements.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

of Memories Group Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### *Key Audit Matters (continued)*

#### Going concern assumption (continued)

Refer to Note 3 to the financial statements

#### Area of focus (continued)

As described in the preceding paragraphs, management is confident that the Group and the Company have adequate resources to continue in operational existence for at least the next 12 months from the end of financial year, and the use of the going concern assumption in the preparation of the financial statements is appropriate.

Management's assessment of the Group's ability to generate sufficient operating cash flows on a timely basis and availability of sufficient funds for its operations are important considerations for the going concern assumption. As such, these are significant aspects of our audit and we determined this is a key audit matter.

#### How our audit addressed the matter

We have evaluated management's assessment of the Group's ability to continue as a going concern, relying on the sources of liquidity and funding available to the Group. We have discussed with management to obtain an understanding on the business plans and financing requirements and obtained written representations from management and those charged with governance, regarding their plans for future actions and the feasibility of these plans.

We have obtained and evaluated the cash flows forecasts prepared by management as approved by the Board of Directors, for the next 12 months from the date of the financial statements and assessed the reasonableness of the key assumptions used by checking against the Group's business plan and historical performance. We challenged the appropriateness of the key assumptions used by management comprising the Group's forecasts of revenue, gross margin and operating expenses. We obtained the new loan agreements, understood and evaluated the key terms and conditions, including the debt covenants applicable to the loans.

We also considered the adequacy of the required disclosure in the financial statements on the going concern assumption.

#### *Other Information*

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

of Memories Group Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### *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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

of Memories Group Limited

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement director on the audit resulting in this independent auditor's report is Meriana Ang Mei Ling.

**Nexia TS Public Accounting Corporation**  
**Public Accountants and Chartered Accountants**

Singapore  
26 June 2019

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

	Note	2019 US\$'000	2018 US\$'000
Revenue	5	10,094	8,842
Cost of sales		(6,319)	(4,628)
Gross profit		3,775	4,214
Other income/(loss) – net	7	7,838	(5,929)
Expenses			
– Administrative		(8,051)	(4,269)
– Distribution and marketing		(407)	(240)
– Finance	8	(1,087)	–
Profit/(Loss) before income tax		2,068	(6,224)
Income tax expense	10(a)	(60)	(205)
<b>Net profit/(loss) attributable to equity holders of the Company</b>		<b>2,008</b>	<b>(6,429)</b>
<b>Other comprehensive loss, net of tax</b>			
Items that may be reclassified subsequently to profit or loss:			
– Currency translation losses arising from consolidation	25(c)	(2,213)	(285)
<b>Total comprehensive loss attributable to equity holders of the Company</b>		<b>(205)</b>	<b>(6,714)</b>
<b>Earnings/(Loss) per share attributable to equity holders of the Company (Cents per share)</b>			
– Basic	11(a)	0.48	(2.03)
– Diluted	11(b)	0.47	(2.03)

*The accompanying notes form an integral part of these financial statement.*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION – GROUP

As at 31 March 2019

	Note	31 March 2019 US\$'000	2018 US\$'000	1 April 2017 US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	12	2,265	9,075	546
Trade and other receivables	13	2,812	3,223	6,734
Inventories	14	184	134	86
Development properties	15	–	–	6,666
		5,261	12,432	14,032
<b>Non-current assets</b>				
Property, plant and equipment	17	61,090	30,052	15,377
Investment properties	18	16,683	–	–
Intangible assets	19	9,237	8,114	534
Other receivables	13	662	–	–
		87,672	38,166	15,911
<b>Total assets</b>		92,933	50,598	29,943
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	20	12,715	5,507	6,784
Borrowings	21	1,042	–	–
Current income tax liabilities	10(b)	564	537	423
		14,321	6,044	7,207
<b>Non-current liabilities</b>				
Borrowings	21	15,511	–	–
Deferred income tax liabilities	22	2,289	745	133
		17,800	745	133
<b>Total liabilities</b>		32,121	6,789	7,340
<b>Net assets</b>		60,812	43,809	22,603
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	23	84,472	67,902	39,982
Other reserves	25	(22,050)	(20,475)	(20,190)
(Accumulated losses)/Retained profits		(1,610)	(3,618)	2,811
<b>Total equity</b>		60,812	43,809	22,603

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION – COMPANY

As at 31 March 2019

	Note	31 March		1 January
		2019	2018	2017
		US\$'000	US\$'000	US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	12	91	6,676	25,352
Trade and other receivables	13	9,884	4,122	7
		9,975	10,798	25,359
<b>Non-current assets</b>				
Investment in subsidiary corporations	16	81,854	52,112	-
Property, plant and equipment	17	1	-	217
		81,855	52,112	217
<b>Total assets</b>		91,830	62,910	25,576
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	20	13,795	324	325
<b>Total liabilities</b>		13,795	324	325
<b>Net assets</b>		78,035	62,586	25,251
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	23	84,767	68,197	27,781
Other reserves	25	591	(47)	(65)
Accumulated losses	26	(7,323)	(5,564)	(2,465)
<b>Total equity</b>		78,035	62,586	25,251

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

## Attributable to equity holders of the Company

Note	Share Capital US\$'000	Capital reserve US\$'000	Merger reserve US\$'000	Translation reserve US\$'000	Performance share reserve US\$'000	(Accumulated losses)/ Retained profits US\$'000	Total equity US\$'000
<b>2019</b>							
	67,902	-	(20,190)	(285)	-	(3,618)	43,809
23	16,570	-	-	-	-	-	16,570
25(a)	-	566	-	-	-	-	566
24	-	-	-	-	72	-	72
	-	-	-	(2,213)	-	2,008	(205)
	84,472	566	(20,190)	(2,498)	72	(1,610)	60,812
<b>2018</b>							
	39,982	-	(20,190)	-	-	2,811	22,603
23(c)	10,800	-	-	-	-	-	10,800
23(g)	9,315	-	-	-	-	-	9,315
23(h)	8,134	-	-	-	-	-	8,134
23(h)	(329)	-	-	-	-	-	(329)
	-	-	-	(285)	-	(6,429)	(6,714)
	67,902	-	(20,190)	(285)	-	(3,618)	43,809

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	Note	2019 US\$'000	2018 US\$'000
<b>Cash flows from operating activities</b>			
Net profit/(loss)		2,008	(6,429)
Adjustments for:			
Acquisition cost arising from reverse acquisition	7	-	6,327
Income tax expense	10(a)	60	205
Interest income from bank deposit	7	(12)	(8)
Depreciation of property, plant and equipment	6	1,405	709
Amortisation of intangible assets	6	367	361
Write-off of property, plant and equipment		-	5
Gain on bargain purchase	7	(7,673)	-
Loss/(Gain) on disposal of property, plant and equipment	7	4	(5)
Performance share expenses	9	72	-
Interest expense on bank borrowings	8	660	-
Unrealised currency translation gains		(987)	(243)
<b>Operating cash flows before changes in working capital</b>		<b>(4,096)</b>	<b>922</b>
Changes in working capital, net of effects from acquisition of subsidiary corporations:			
Inventories		(25)	(9)
Trade and other receivables		774	(6,769)
Trade and other payables		(351)	8,598
Cash (used in)/generated from operations		(3,698)	2,742
Interest received		12	-
Income tax paid	10(b)	(141)	(584)
<b>Net cash (used in)/provided by operating activities</b>		<b>(3,827)</b>	<b>2,158</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary corporations and businesses, net of cash acquired	31(a)(ii)/31(b)(ii)	(9,954)	(825)
Proceeds from reverse acquisition	23(g)	-	3,107
Additions to property, plant and equipment		(8,211)	(3,678)
Proceeds from disposal of property, plant and equipment		-	6
<b>Net cash used in investing activities</b>		<b>(18,165)</b>	<b>(1,390)</b>
<b>Cash flows from financing activities</b>			
Proceeds from placement shares, net of transaction costs	23(h)	-	7,805
Proceeds from borrowings		16,545	-
Interest paid		(688)	-
Non-current receivable		(662)	-
<b>Net cash provided by financing activities</b>		<b>15,195</b>	<b>7,805</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(6,797)</b>	<b>8,573</b>
Cash and cash equivalents at beginning of financial year		9,075	546
Effects of currency translation on cash and cash equivalents		(13)	(44)
<b>Cash and cash equivalents at end of financial year</b>	12	<b>2,265</b>	<b>9,075</b>

Reconciliation of liabilities arising from financing activities:

	1 April 2018 US\$'000	Proceeds from borrowings US\$'000	Interest payment US\$'000	Non-cash changes US\$'000		31 March 2019 US\$'000
				Currency translation US\$000	Interest expense US\$'000	
Bank borrowings	-	16,545	(688)	36	660	16,553

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Memories Group Limited on 26 June 2019.

## 1. CORPORATE INFORMATION

### 1.1 General information

Memories Group Limited (formerly known as SHC Capital Asia Limited) (“the Company”) is listed on the Singapore Exchange Securities Trading Limited and incorporated and domiciled in Singapore. The address of its registered office is 78 Shenton Way, #32-00 Singapore 079120.

The Company and its subsidiary corporations (the “Group”) were formed pursuant to a reverse takeover (“RTO”) by MM Myanmar Pte. Ltd. (collectively, “MM Myanmar”) and together with its subsidiary corporations (collectively, “MM Group”) which was completed on 26 December 2017 through the issuances of 264,997,065 new ordinary shares to the shareholders.

The principal activities of the Company are that of head and regional head office, centralised administrative office and subsidiary corporation management. The principal activities of subsidiary corporations are disclosed in Note 16 of the financial statements.

### 1.2 Restructuring of MM Group

On 23 December 2016, Yoma Strategic Investments Ltd. (“YSIL”) and First Myanmar Investment Public Company Limited (“FMI”) (now known as First Myanmar Investment Public Company Limited) 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”), Pun Hlaing Lodge Hotel Management Limited (“PHLHML”), Asia Holidays Travels & Tours Company Limited (“AHTT”) and Traditional Lodge Hotel Company Limited (“TLH”) (the “Restructuring Exercise”).

The Restructuring Exercise was completed through issuance of new ordinary shares in MM Myanmar to the shareholders of SLTG, CIL, AHTT, TLH and PHLHML pursuant to the Amended and Restated Sale and Purchase Agreement dated 17 August 2017.

The transfer of the issued and paid-up share capital and/or acquisition of the economic interests in the shares of SLTG, CIL and PHLHML is accounted for using the pooling-of-interest method as these entities are under common control of YSIL before and after the Restructuring Exercise. On the basis that no acquisition has occurred and there has been a continuation of the risks and benefits to the controlling party (i.e. YSIL) that existed prior to the Restructuring Exercise, this transaction is outside the scope of SFRS (I) 3 *Business Combinations*, MM Myanmar has applied merger accounting to reflect the continuation of SLTG, CIL and PHLHML businesses for the financial period ended 31 March 2018 and for the comparative financial period ended 31 March 2017 as if the Restructuring Exercise had occurred from the date SLTG, CIL and PHLHML first came under the control of YSIL. At the consolidated financial statements, the difference between the values of ordinary shares issued by MM Myanmar and the share capital of SLTG, CIL and PHLHML was recorded in merger reserve.

The transfer of the issued and paid-up share capital and/or acquisition of the economic interests in the shares of AHTT and TLH is accounted for using acquisition method in accordance with SFRS(I) 3 and consolidated into MM Group with effect from 18 August 2017.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 1. CORPORATE INFORMATION (CONTINUED)

### 1.3 Reverse acquisition

The Company completed its acquisition of the entire share capital of MM Myanmar (“reverse acquisition”) on 26 December 2017 by way of the issuance of 264,997,065 new ordinary shares in the Company to the shareholders of MM Myanmar. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of MM Myanmar became the controlling shareholders of the Company on completion of the transaction. Accordingly, MM Myanmar (being the legal subsidiary corporation in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree.

The consolidated financial statements have been prepared and presented as a continuation of the MM Group’s financial results and operations, in accordance with the following:

- (a) the assets and liabilities of the accounting acquirer, MM Myanmar and its subsidiary corporations, are recognised and measured in the consolidated statement of financial position at their pre-acquisition carrying amount;
- (b) the assets and liabilities of the accounting acquiree, the Company, are recognised and measured in accordance with their acquisition date fair value;
- (c) the retained profits and other equity balances recognised in the consolidated financial statements of the Group are the retained earnings and other equity balances of MM Group immediately before the RTO;
- (d) the amount recognised in the issued equity interest in the consolidated financial statements of the Group is computed by adding the issued equity of MM Myanmar immediately before the RTO to the fair value of the consideration effectively transferred based on the share price of the Company at the acquisition date. However, the equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to affect the combination; and
- (e) the comparative figures presented in these consolidated financial statements of the Group are those of consolidated financial statements of MM Group.

Following the completion of the reverse acquisition, the principal business of the Group is those of MM Group. The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in SFRS(I) 3, but it does not result in the recognition of goodwill, as the Company was deemed as a cash company under the Rule 1017 of the Catalist Rules and did not meet the definition of a business as set out in SFRS(I) 3. Instead, such transaction falls within the scope of SFRS(I) 2 *Share-based Payments*, which requires the deemed shares issued by the legal subsidiary corporation (as consideration for the acquisition of the Company) to be recognised at fair value. Excess of deemed acquisition cost over the fair value of the Company’s identifiable net assets is treated as cost of obtaining a listing by the legal subsidiary corporation, MM Myanmar.

In connection with the reverse acquisition, the Company changed its financial year end from 31 December to 31 March to be coterminous with the financial year end of MM Group. Therefore, the comparative financial statements of the Company covered fifteen months from 1 January 2017 to 31 March 2018.

Reverse acquisition accounting applies only at the consolidated financial statements at the Group level. In the Company’s separate financial statements, the investment in subsidiary corporations is accounted for at cost less any accumulated impairment losses.

Further details on accounting of the reverse acquisition are provided in Note 23.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’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 4.

#### Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 April 2018. The financial statements for the financial year ended 31 March 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group’s previously issued financial statements for periods up to and including the financial year ended 31 March 2018 were prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

In adopting SFRS(I) on 1 April 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 March 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group’s opening statement of financial position has been prepared as at 1 April 2017, which is the Group’s date of transition to SFRS(I) (“date of transition”).

There were no material adjustments to the Group’s and the Company’s financial position, financial performance, changes in equity and cash flows arising from the transition from FRS to SFRS(I).

#### (a) Adoption of SFRS(I) 9

SFRS(I) 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new “expected credit loss” model and a new hedge accounting model. The Group adopted SFRS(I) 9 from 1 April 2018.

#### (i) Short-term exemption on adoption of SFRS(I) 9

In accordance with the exemption of SFRS(I) 1, the Group elected not restate information for 2018. Accordingly, the information presented for 2018 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained profits and reserves as at 1 April 2018. Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relating to items within the scope of FRS 39 are provided for the comparative periods.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### Adoption of SFRS(I) (continued)

##### (a) Adoption of SFRS(I) 9 (continued)

###### (ii) Classification of financial assets and financial liabilities

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see Note 2.10. The adoption of SFRS(I) 9 has not had significant effect on the Group's accounting policies for financial liabilities.

Trade and other receivables and cash and cash equivalents that were classified as loans and receivables under FRS 39 are now classified as amortised cost. No adjustment in the allowance for impairment was recognised in opening accumulated losses of the Group and the Company at 1 April 2018 respectively on transition to SFRS(I) 9.

##### (b) Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group adopted all of the requirements of SFRS(I) 15 *Revenue from Contracts with Customers* as at 1 April 2018. SFRS(I) 15 utilises a methodical framework for entities to follow in order to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entity expects to be entitled in exchange for those goods and services. The change did not impact the cumulated revenue recognised or the related assets and liabilities on the transition date.

The adoption of SFRS(I) 15 resulted in no impact to the opening accumulated losses nor to the opening balance of accumulated other comprehensive income on 1 April 2017 and the comparative financial statements for the financial year ended 31 March 2018.

The accounting policies for revenue from contracts with customers under SFRS(I) 15 are disclosed in Note 2.2 to the financial statements.

### 2.2 Revenue

- (a) SFRS(I) 15 has established a five-step model to account for revenue arising from contracts with customers. Revenue is recognised when a customer obtains control of a good or service in the contract. A customer obtains control when it has the ability to direct the use of and obtain the benefit from the good or service. This may be at a single point in time or over a period of time.

Previously, revenue from rendering of services from travel and destination management, hot-air balloon and cruise service are recognised in the period when the services are rendered. In relation to accommodation revenue, the Group recognises revenue when the lodges and hotel rooms are occupied. Revenue from sales of goods such as food and beverages and merchandises are recognised when the goods are delivered to the customers.

SFRS(I) 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, the entity performs;
- When the entity's performance creates or enhances an asset (for example work in progress) that the customer control as the asset is created or enhanced; or
- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue (continued)

- (a) If the contract terms and the entity's activities do not fall into any of the above situations, the entity shall recognise revenue for sale of good or service at a single point in time, being when control has passed based on SFRS(I) 15. There is judgement involved in determining when revenue should be recognised.

Under the SFRS(I) 15, revenue arising from destination management, cruise service and accommodation (lodges and hotels) are recognised over a period of time as the customer simultaneously receives and consumes all of the benefit provided by the Group's performance as the Group performs.

- (b) Interest income are recognised using the effective interest method.

### 2.3 Group accounting

#### (a) *Subsidiary corporations*

##### (i) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The 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 Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred assets. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. 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 attributed 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 merger reserve.
- The statement 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Group accounting (continued)

#### (a) *Subsidiary corporations (continued)*

##### (ii) *Acquisitions (continued)*

The acquisition method of accounting is used to account for all other business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combinations are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

The excess of (a) fair value of the identifiable net assets acquired over (b) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree, is recognised as gain on bargain purchase in profit or loss.

##### (iii) *Reverse acquisition*

The acquisition of the entire issued and paid-up share capital in MM Myanmar has been accounted for as a reverse acquisition as described in Note 1.3.

##### (iv) *Disposals*

When a change in the 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.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Group accounting (continued)

#### (b) Transactions with non-controlling interests

Changes in the 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 Company.

### 2.4 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:

	<u>Useful lives</u>
Land and buildings	29 – 50 years
Machinery, facilities and equipment	10 years
Renovation	3 years
Motor vehicles	4 years
Furniture and office equipment	3 – 5 years
Hot air balloons and equipment	6 years
Yacht and vessels	10 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Property, plant and equipment (continued)

#### (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”.

### 2.5 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, if any.

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.

### 2.6 Investment properties

Investment properties include land development rights under operating leases that are held for long-term capital appreciation or for a currently indeterminate use.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to improvements as and when required. The cost of major improvements is capitalised. The cost of maintenance and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

### 2.7 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 subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gain and losses on the disposal of subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Intangible assets (continued)

#### (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 Group and certificate for each balloon to be flown over Bagan and Inle, Myanmar.

#### (c) *Customer relationship*

Customer relationship acquired in a business combination is initially recognised at fair value at the acquisition date. Customer relationship has a finite useful life and is carried at less accumulated amortisation and are assessed for impairment whenever there is an indication that the asset is impaired. Amortisation is calculated using straight-line method over the estimated use life of five years.

#### (d) *Trademark*

Trademark acquired in business combination is recognised separately at fair value at the acquisition date and carried at cost less accumulated impairment losses.

#### (e) *Brand*

Brand acquired in business combination is recognised separately at fair value at the acquisition date and carried at cost less accumulated losses.

### 2.8 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 such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.9 Impairment of non-financial assets

#### (a) *Goodwill*

##### *Intangible assets with indefinite useful lives (trademark and brand)*

Goodwill and intangible assets with indefinite useful lives (trademark and brand) recognised separately as intangible assets are tested for impairment annually and whenever there is indication that the goodwill and intangible assets with indefinite useful lives (trademark and brand) may be impaired. For the purpose of impairment testing of goodwill or intangible assets with indefinite useful lives (trademark and brand), goodwill and intangible assets with indefinite useful lives (trademark and brand) are allocated to each of the 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 and intangible assets with indefinite useful lives (trademark and brand), 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Impairment of non-financial assets (continued)

#### (a) Goodwill

*Intangible assets with indefinite useful lives (trademark and brand) (continued)*

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. An impairment loss for intangible assets with indefinite useful lives 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.

#### (b) Other intangible assets

*Property, plant and equipment*

*Investment in subsidiary corporations*

Other intangible assets, property, plant and equipment and investment 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 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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial assets

The accounting for financial assets before 1 April 2018 are as follows:

#### (a) Classification

The Group classifies its financial assets in the category of loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 13) and “cash and bank balances” (Note 12) 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 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 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.

#### (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 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.

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial assets (continued)

The accounting for financial assets from 1 April 2018 are as follows:

#### (f) *Classification and measurement*

The Group classifies its financial assets as financial assets at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### *At initial recognition*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### *At subsequent measurement*

#### (i) *Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

**Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

#### (g) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The credit risk note details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Note 27 (b) to the financial statements provides further disclosure on the impairment policy.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial assets (continued)

#### (h) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group 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 Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, 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.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

### 2.11 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.

### 2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

### 2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of reporting date 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.

### 2.14 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised costs approximate their carrying amounts.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Operating leases

The Group leases land, office spaces, apartment units, equipment and motor vehicles under operating leases from related and non-related parties.

*When the Group 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.

### 2.16 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.

### 2.17 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 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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Income taxes (continued)

- (ii) based on the tax consequence that will follow from the manner in which the 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, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### 2.18 Provisions

Provisions are recognised when the 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.

### 2.19 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 Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore and the Social Security Board in Myanmar on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

#### (b) *Bonus plan*

The Group recognises a liability and an expense for bonuses when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

#### (c) *Performance share plan*

The Group operates an equity-settled, share-based compensation plan – performance share plan.

The values of the employee services received in exchange for the shares are recognised as expenses with a corresponding increase in the performance share reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the shares granted on the grant date. Non-market vesting conditions are included in the estimation of the number of shares that are expected to be issued on the vesting date. At each reporting date, the Group revises its estimates of the number of shares that are expected to be issued on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the performance share reserve over the remaining vesting period.

When shares are issued through issuance of new ordinary shares, the performance share reserve are credited to share capital account or to the treasury shares account, when treasury shares are re-issued to the employee.

### 2.20 Borrowing costs

Borrowing costs are recognised in profit or loss using effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Currency translation

#### (a) *Functional and presentation currency*

Items included in the financial statements of the 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 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 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.

#### (c) *Translations of Group entities’ financial statements*

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

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates on the reporting date.

### 2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Management Team whose members are responsible for allocating resources and assessing performance of the operating segments.

### 2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated 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.

### 2.24 Share capital

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 3. GOING CONCERN

The Group reported net loss before income tax (excluding gain on bargain purchase) of US\$5,605,000 for the financial year ended 31 March 2019, and as at that date, total cash and bank balances decreased by US\$6,797,000 from 31 March 2018 mainly due to outflows of cash from operating and investing activities of US\$3,827,000 and US\$18,165,000 as the Group repaid part of the construction costs for new hotels and acquired new businesses. As at 31 March 2019, the Group's and the Company's net current liabilities were US\$9,060,000 and US\$3,820,000 respectively. In addition, the Group has trade and other payables of US\$12,715,000 and borrowings of US\$1,042,000 due within 12 months from 31 March 2019.

Notwithstanding above mentioned, management has prepared the financial statements on a going concern basis after considering the following:

- As at 31 March 2019, the Group was in the process of securing additional working capital through obtaining additional banking facilities. Subsequent to the financial year, the Group successfully secured additional term loans from a bank amounting to US\$7,333,000 (equivalent to Myanmar Kyat 11 billion) on 20 June 2019 that will mature and be fully repayable in 2023; and
- Based on a 12-month cash flow projection, the Group and the Company will have sufficient cash flow to meet the operating requirements.

As described in the preceding paragraphs, management is confident that the Group and the Company have adequate resources to continue in operational existence for at least the next 12 months from the end of financial year, and the use of the going concern assumption in the preparation of the financial statements is appropriate.

## 4. 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) *Impairment of goodwill and intangible assets with indefinite useful lives (trademark and brand)*

Goodwill and intangible assets with indefinite useful lives (trademark and brand) are tested for impairment annually and whenever there is indication that the goodwill and intangible assets with indefinite useful lives (trademark and brand) may be impaired. In performing the impairment assessment of the carrying amount of goodwill and intangible assets with indefinite useful lives (trademark and brand), as disclosed in Note 19 (g), the recoverable amounts of cash – generating units (“CGUs”) in which goodwill and intangible assets with indefinite useful lives (trademark and brand) have been attributable to, are determined using value-in-use (“VIU”) calculation.

Significant judgements are used to estimate the gross margin, weighted average growth rates and pre-tax discount rates applied in computing the recoverable amounts of different CGUs. In making these estimates, management has relied on past performance, its expectations of market developments in Myanmar, the industry trends of hospitality industry. Specific estimates are disclosed in Note 19 (g).

Management has assessed that the recoverable amounts (i.e. VIU) of the CGUs are more than the carrying values of the CGUs, accordingly no impairment charges are recognised.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### (b) *Impairment of other non-financial assets*

Other non-financial assets such as intangible assets (with definite useful lives), property, plant and equipment and investment in subsidiary corporations are tested impairment whenever there is any objective evidence or indication that these assets may be impaired. In determining the recoverable value, an estimate of expected future cash flows from each asset or CGU and an appropriate discount rate is required to be made. An impairment exists when the carrying amount of an asset or CGU exceeds its recoverable amount, which is the higher of fair value less costs to sell and its VIU.

Management has assessed that there is no objective evidence or indication that the carrying amounts of the Group's and the Company's other non-financial assets may not be recoverable as at the reporting date, accordingly impairment assessment is not required. The carrying amounts of non-financial assets at the reporting date are disclosed in Note 16, Note 17 and Note 19 respectively.

### (c) *Useful lives of property, plant and equipment and intangible assets with definite useful lives*

The estimates for the useful lives and related depreciation charges for property, plant and equipment and amortisation of intangible assets with definite useful lives are based on commercial and other factors that could change significantly as a result of extension of lease expiry date for land and building acquired under business combination. The depreciation charge is adjusted for longer useful lives than previously estimated. The carrying amounts of the Group's property, plant and equipment and intangible assets at the end of the reporting date are disclosed in Note 17 and Note 19 respectively.

If the estimated useful lives of property, plant and equipment and intangible assets increase/decrease by one year from management estimate, the carrying amounts of the Group's property, plant and equipment and intangible assets with definite useful lives would have been US\$155,00/US\$305,00 (31 March 2018: US\$ 111,000/US\$ 160,000; 1 April 2017: US\$139,500/US\$ 248,000) higher/lower.

### (d) *Uncertain tax positions*

The Group is subject to income taxes in Singapore and Myanmar jurisdictions. 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 each tax jurisdiction.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group 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 Group has open tax assessments with a tax authority at the reporting date. As management believes that the tax positions are sustainable, the Group has not recognised any additional tax liability on these uncertain tax provisions. The amount of income tax expense and carrying amount of current income tax liabilities at the reporting date are disclosed in Note 10.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 5. REVENUE

### (a) Disaggregation of revenue

	Group	
	2019 US\$'000	2018 US\$'000
<u>Product or service lines</u>		
Sale of goods		
– Goods and merchandise	38	84
– Food and beverages	342	169
	380	253
Rendering of services		
– Hot air balloon services	5,653	5,828
– Destination management services	2,507	2,410
– Cruise services	772	33
	8,932	8,271
Accommodation revenue	782	318
	10,094	8,842
<u>Business segments</u>		
Services	2,508	2,410
Experiences	6,428	5,945
Hotels	1,158	487
	10,094	8,842
<u>Timing of transfer of goods or services</u>		
At a point in time	6,033	6,081
Over time	4,061	2,761
	10,094	8,842

### (b) Judgement and methods used in estimating revenue

#### *Recognition of revenue from destination management services over time*

The Group has identified the obligation to provide destination management services with customers (i.e. Full-scale and customised services in designing and implementing tours) as a single performance obligation as the series of services are closely related and substantially the same.

Under SFRS(I) 15, revenue from destination management services are recognised over the duration of the tours as customers simultaneously receive and consume the benefit provided by the Group's performance as it performs. This represents a change compared to prior financial year's policy, whereby revenue is recognised upon completion of the service. Due to seasonality of tours which generally completed by end of financial year to the following month, the net impact on the change of revenue recognition policy is not significant and no adjustment was made to the comparative financial statements and opening accumulated losses.

Management has determined that a time-based input method provides a faithful depiction of the Group's performance towards complete satisfaction of the performance obligation to the customers over the duration of the tours.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 6. EXPENSES BY NATURE

	Group	
	2019 US\$'000	2018 US\$'000
Amortisation of intangible assets [Note 19(f)]	367	361
Depreciation of property, plant and equipment (Note 17)	1,405	709
Loss allowance for trade receivables [Note 27(b)]	5	31
Write-off of property, plant and equipment	-	5
Purchase of inventories	441	448
Advertisement	46	56
Marketing and commission	352	165
Rental expenses on operating leases	321	175
Employee compensation (Note 9)	4,959	3,256
Professional fees	322	144
Fees on audit services paid/payable to:		
– Auditor of the Company	133	86
– Other auditor	50	12
Total fees on audit services	183	98
Travelling and related costs	356	123
Hot air balloon operating costs	1,154	949
Service providers' costs	2,180	1,876
Cruise operating costs	717	8
Hotel operating costs	798	15
Utilities expenses	71	23
Others	1,150	724
Changes in inventories	(50)	(29)
Total cost of sales, administrative, and distribution and marketing expenses	14,777	9,137

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 7. OTHER INCOME/(LOSS) – NET

	Group	
	2019	2018
	US\$'000	US\$'000
Acquisition cost arising from reverse acquisition [Note 23(g)]	–	(6,327)
Currency translation gains/(losses), net	70	(53)
Service fee	–	94
Write back of long-outstanding payables	–	256
Interest income from bank deposit	12	8
(Loss)/Gain on disposal of property, plant and equipment	(4)	5
Gain on bargain purchase [Note 31(a)(iii)]	7,673	–
Others	87	88
	7,838	(5,929)

## 8. FINANCE COST

	Group	
	2019	2018
	US\$'000	US\$'000
Interest expense on bank borrowings	660	–
Finance fee	80	–
Currency translation loss, net	347	–
	1,087	–

## 9. EMPLOYEE COMPENSATION

	Group	
	2019	2018
	US\$'000	US\$'000
Wages and salaries	3,917	2,479
Employer's contribution to defined contribution plans	10	19
Performance share expense [Note 25(d)]	72	–
Other short-term benefits	960	758
	4,959	3,256

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 10. INCOME TAXES

### (a) Income tax expense

	Group	
	2019 US\$'000	2018 US\$'000
Tax expense attributable to profit or loss is made up of:		
– Profit for the financial year:		
Current income tax		
– Singapore	–	4
– Foreign (Myanmar)	180	275
	180	279
Deferred income tax	(108)	(99)
	72	180
– (Over)/Under-provision of current income tax in prior financial years:		
– Foreign (Myanmar)	(12)	25
	60	205

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2019 US\$'000	2018 US\$'000
Profit/(Loss) before income tax	2,068	(6,224)
Tax calculated at a tax rate of 17% (2018: 17%)	352	(1,058)
Effects of:		
– different tax rates in other country	(276)	93
– expenses not deductible for tax purposes	1,436	1,174
– income not subject to tax	(1,440)	(29)
– (over)/under-provision of tax in prior financial years	(12)	25
Income tax expense	60	205

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 10. INCOME TAXES (CONTINUED)

### (b) Movement in current tax liabilities

	Group	
	31 March	
	2019	2018
	US\$'000	US\$'000
Beginning of financial year	537	423
Acquisition of subsidiary corporations [Note 31(b)(iii)]	-	394
Income tax expense for the financial year	180	279
Income tax paid	(141)	(584)
(Over)/Under – provision in prior financial years	(12)	25
End of financial year	564	537

## 11. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2019	2018
Net profit/(loss) attributable to equity holders of the Company (US\$'000)	2,008	(6,429)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	417,442	316,583
Basic earnings/(loss) per share (cents)	0.48	(2.03)

### (b) Diluted earnings/(loss) per share

For the purpose of calculating diluted earnings/(loss) per share, the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: performance shares [Note 25(d)] and ordinary shares to be issued in relation to the 3,890,640 consideration shares which will be allotted and issued to the vendors as part of the purchase consideration for the acquisition of new business upon satisfaction of certain conditions [Note 25 (a)].

The weighted average number of shares in issue for the purpose of calculating diluted earnings/(loss) per share had been adjusted as if all performance share awards and the additional issuances of shares to the vendors were issued as at end of financial year. No adjustment is made to the net profit/(loss).

Diluted loss per share are the same as basic loss per shares for the financial year ended 31 March 2018 as there were no potential dilutive ordinary shares existing as at 31 March 2018.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 11. EARNINGS/(LOSS) PER SHARE (CONTINUED)

### (b) Diluted earnings/(loss) per share (continued)

	Group	
	2019	2018
Net profit/(loss) attributable to equity holders of the Company (US\$'000)	2,008	(6,429)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	417,442	316,583
Adjusted for ('000)		
– Performance shares [Note 25(d)]	500	–
– Shares to be issued [Note 25(a)]	3,891	–
Weighted average number of ordinary shares outstanding for diluted earnings/(loss) per share ('000)	421,833	316,583
Diluted earnings/(loss) per share (cents)	0.47	(2.03)

## 12. CASH AND BANK BALANCES

	Group		
	31 March		1 April
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
Cash and bank balances	2,265	7,374	546
Short term bank deposit	–	1,701	–
	2,265	9,075	546

	Company		
	31 March		1 January
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
Cash and bank balances	91	4,975	21,581
Short term bank deposit	–	1,701	3,771
	91	6,676	25,352

Please refer to Note 23(g) and Note 31(a)(ii)/(b)(ii) for the effects of reverse acquisition and acquisition of subsidiary corporations respectively on cash flows of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 13. TRADE AND OTHER RECEIVABLES

	Group		
	31 March		1 April
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
<b>Current</b>			
Trade receivables – non-related parties	570	387	245
Less: Loss allowance [Note 27(b)]	(36)	(31)	–
Trade receivables – net	534	356	245
Non-trade receivables			
– Non-related parties	575	1,831	2
– Related parties	680	155	6,206
	1,255	1,986	6,208
Deposits	289	7	27
Prepayment	734	874	254
	2,812	3,223	6,734
<b>Non-current</b>			
Non-trade receivables – related party	662	–	–
	Company		
	31 March		1 January
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
Non-trade receivables			
– Non-related parties	–	54	–
– Related parties	–	155	–
– Subsidiary corporations	9,865	3,900	–
	9,865	4,109	–
Deposits	1	–	1
Prepayments	18	13	6
	9,884	4,122	7

Non-trade receivables from related parties and subsidiary corporations are interest-free, unsecured and are receivable on demand except for an amount of US\$662,000 to a related party which bears market interest rate of 13% per annum and payable in 2023. This is an one-off interest-bearing loan to the related party in exchange for the release of its land grant for the benefit of the Group as a security for, and is on the same interest terms, as the Group's bank borrowings (Note 21).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 14. INVENTORIES

	Group		
	31 March		1 April
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
Consumables	184	134	86

The cost of inventories recognised as an expense and included in “cost of sales” amounted to US\$391,000 (2018: US\$419,000).

## 15. DEVELOPMENT PROPERTIES

	Group	
	31 March	
	2019	2018
	US\$'000	US\$'000
Beginning of financial year	–	6,666
Transfer to property, plant and equipment (Note 17)	–	(6,666)
End of financial year	–	–

The development properties represent Bagan Land which were held for proposed commercial and tourism-related hospitality development (Subject to obtaining the relevant regulatory approval). The development properties were reclassified to property, plant and equipment as at 31 March 2018 due to the uncertainty in obtaining of the regulatory approval for the next twelve months and the use of the land is undetermined.

## 16. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	31 March	
	2019	2018
	US\$'000	US\$'000
<i>Equity investment at cost</i>		
Beginning of financial year	52,112	–
Acquisition of subsidiary corporations [Note 31(a)]	29,742	–
Acquisition of MM Myanmar arising from the reverse acquisition [Note 23(g)]	–	52,112
End of financial year	81,854	52,112



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Memories Group had the following subsidiary corporations as at 31 March 2019 and 2018 and 1 April 2017:

Name of subsidiary corporation	Principal activities	Country of incorporation/ Principal place of business	Proportion of ordinary shares held by Memories Group		
			31 March 2019	2018	1 January/ 1 April 2017
<u>Held by the Company</u>					
MM (Myanmar) Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	100%	100%
SM Asset Holdings Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	–	–
<u>Subsidiary corporations of MM Myanmar Pte. Ltd.</u>					
MM (PHL) Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	100%	100%
MM (BOB) Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	100%	100%
MM (DMC) Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	100%	100%
MM (HAL) Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	100%	100%
MM (BL) Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	100%	100%
Burma Boating Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	100%	–
<u>Subsidiary corporation of MM (PHL) Pte. Ltd.</u>					
Pun Hlaing Lodge Hotel Management Limited <sup>(2)</sup>	Hotel development	Myanmar	100%	100%	100%
<u>Subsidiary corporation of MM (BOB) Pte. Ltd.</u>					
Shwe Lay Ta Gun Travels & Tours Company Limited (“SLTG”) <sup>(2)(3)</sup>	Provision of hot air balloon services	Myanmar	100%	100%	100%
<u>Subsidiary corporation of MM (DMC) Pte. Ltd.</u>					
Asia Holidays Travels & Tours Company Limited (“AHTT”) <sup>(2)(4)</sup>	Provision of tour operator and travel agency businesses	Myanmar	100%	100%	–

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Name of subsidiary corporation	Principal activities	Country of incorporation/ Principal place of business	Proportion of ordinary shares held by Memories Group		
			31 March 2019	2018	1 January/ 1 April 2017
<u>Subsidiary corporations of MM (HAL) Pte. Ltd.</u>					
Hpa An Traditional Lodge Limited <sup>(2)</sup>	Operation of restaurants and related services, and management of hotel and related hospitality businesses	Myanmar	100%	100%	-
Traditional Lodge Hotel Company Limited (“TLH”) <sup>(2) (5)</sup>	Provision of lodge services	Myanmar	100%	100%	-
Keinara Loikaw Company Limited <sup>(2)</sup>	Provision of lodge services	Myanmar	100%	100%	-
<u>Subsidiary corporations of MM (BL) Pte. Ltd.</u>					
Riverside Bagan Limited <sup>(2)</sup>	Operation of restaurants and related services, and management of hotel and related hospitality businesses	Myanmar	100%	100%	-
Chindwin Investments Limited <sup>(2)</sup>	Investment holding	Myanmar	100%	100%	-
<u>Subsidiary corporation of Burma Boating Pte. Ltd.</u>					
Burma Boating Company Limited <sup>(2)</sup>	Provision of cruise services	Myanmar	100%	100%	-
<u>Subsidiary corporations of SM Asset Holdings Pte. Ltd.</u>					
Mokan (S) Pte. Ltd. (“Mokan”) <sup>(1)(6)</sup>	Investment holding	Singapore	100%	-	-
SM Mawlamyaing Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	-	-
<u>Subsidiary corporation of Mokan (S) Pte. Ltd.</u>					
Mokan International Company Limited <sup>(2)</sup>	Hotel Development	Myanmar	100%	-	-
<u>Subsidiary corporation of SM Mawlamyaing Pte. Ltd.</u>					
SM Mawlamyaing Hotel Limited <sup>(2)</sup>	Hotel Development	Myanmar	100%	-	-
Southern Myanmar Capital Limited <sup>(2)</sup>	Hotel Development	Myanmar	100%	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

- (1) Audited by Nexia TS Public Accounting Corporation (“Nexia TS”), Singapore.
- (2) For the purpose of preparation of the consolidated financial statements, these entities are audited by Nexia TS under full scope audit or audit of significant line items of the financial statements. Audited by Excellent Choice Professional Financial Consultant and Auditing Group, Myanmar for local statutory purposes.
- (3) MM (BOB) Pte. Ltd. holds the legal and beneficial ownership of 40.0% of the issued share capital of SLTG and 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 Power of Attorney.
- (4) MM (DMC) Pte. Ltd. holds the legal and beneficial ownership of 59.9% of the issued share capital of AHTT and 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 Power of Attorney.
- (5) MM (HAL) Pte. Ltd. holds economic interests in respect of 100% of the issued share capital of TLH and certain powers of authority over such shares pursuant to the terms of the HAL power of Attorney
- (6) SM Asset Holdings Pte. Ltd. holds 80% of the issued share capital of Moka and the remaining 20% of the issued share capital of Moka is owned by the Company.

### Significant restrictions

Cash and bank balances of US\$874,000 (2018: US\$2,053,000) are held in Myanmar and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country other than through normal dividends.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings		Machinery, facilities and equipment		Renovation		Motor vehicles		Furniture and office equipment		Hot air balloons and equipment		Yacht and vessels in-progress		Construction		Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
<b>Group</b>																	
<b>31 March 2019</b>																	
<i>Cost</i>																	
Beginning of financial year	8,279	228	54	833	290	1,941	650	19,347	31,622								
Acquisition of subsidiary incorporations and business [Note 31(a) (iii)]	7,359	338	-	97	36	-	373	14,653	22,856								
Additions	1,754	88	22	244	178	408	394	11,391	14,479								
Disposals/write-offs	-	-	-	(9)	-	(382)	-	(81)	(472)								
Reclassification	30,303	1,044	-	-	2,856	-	-	(34,203)	-								
Currency translation	(384)	(60)	-	(4)	(19)	-	-	(4,338)	(4,805)								
End of financial year	47,311	1,638	76	1,161	3,341	1,967	1,417	6,769	63,680								
<i>Accumulated depreciation</i>																	
Beginning of financial year	122	85	16	379	144	819	5	-	1,570								
Depreciation charges (Note 6)	441	80	17	166	254	347	100	-	1,405								
Disposals/write-offs	-	-	-	(5)	-	(382)	-	-	(387)								
Currency translation	-	-	-	1	-	-	1	-	2								
End of financial year	563	165	33	541	398	784	106	-	2,590								
<b>Net book value</b>																	
End of financial year	46,748	1,473	43	620	2,943	1,183	1,311	6,769	61,090								

- (a) Land and buildings of the Group with an aggregate net book value of US\$20,857,000 (31 March 2018: Nil; 1 April 2017:Nil) are pledged as collateral for the borrowings of the Group [Note 21(a)].
- (b) Included in the additions of property, plant and equipment are remaining consideration payables to contractors and retention payables to contractors of US\$5,108,000 (2018:Nil) and US\$ 1,160,000 (2018:Nil) respectively.
- (c) Proceeds from disposals of US\$81,000 (2018:Nil) is offset against non-trade receivables from related parties.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings		Machinery, facilities and equipment		Renovation		Motor vehicles		Furniture and office equipment		Hot air balloons and equipment		Yacht and vessels in-progress		Construction		Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
<b>Group</b>																	
<b>31 March 2018</b>																	
<i>Cost</i>																	
Beginning of financial year	3,150	84	45	620	141	2,086	-	10,699	-	16,825							
Transfer from development properties (Note 15)	-	-	-	-	-	-	-	-	-	6,666							
Acquisition of subsidiary incorporations and business [Note 31(b) (iii)]	4,125	149	1	4	116	-	650	-	-	-							
Additions	469	-	39	215	41	397	-	2,517	-	3,678							
Disposals/write-offs	-	(5)	(31)	(6)	(8)	(542)	-	-	-	(592)							
Reclassification	535	-	-	-	-	-	-	(535)	-	-							
End of financial year	8,279	228	54	833	290	1,941	650	19,347	650	31,622							
<i>Accumulated depreciation</i>																	
Beginning of financial year	-	70	45	246	93	994	-	-	-	1,448							
Depreciation charges (Note 6)	122	20	2	139	55	366	5	709	5	709							
Disposals/write-offs	-	(5)	(31)	(6)	(4)	(541)	-	-	-	(587)							
End of financial year	122	85	16	379	144	819	5	1,570	5	1,570							
<i>Net book value</i>																	
End of financial year	8,157	143	38	454	146	1,122	645	19,347	645	30,052							
<b>Company</b>																	

Property, plant and equipment as at 31 March 2019 represent the net book value of computer amounting to US\$1,000. Property, plant and equipment as at 1 January 2017 represent the net book value of motor vehicle amounted to US\$217,000 which was disposed during the financial year ended 31 March 2018 before the completion of reverse acquisition at its carrying amount.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 18. INVESTMENT PROPERTIES

	Group	
	31 March	
	2019	2018
	US\$'000	US\$'000
Beginning of financial year	-	-
Acquisition of subsidiary corporations [Note 31 (a) (iii)]	16,683	-
End of financial year	16,683	-

(a) Included in additions are acquisition of undeveloped land development rights for capital appreciation and/or leasing purposes.

(b) At the end of financial year, the details of the Group's investments properties are as follows:

Location	Description	Tenure
Kyun Phi Lar, Bo Ywe Island, Nga Man Island and Shark Cave Islet, Tanintharyi Region, Myanmar	Land development rights – 635.2 acres of useable and reserve lands	50 years and two additional 10 years from 4 October 2013

(c) *Fair value hierarchy*

Description	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservables inputs (Level 3)
	US\$'000	US\$'000	US\$'000
	31 March 2019		
Land development rights	-	-	16,683

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 18. INVESTMENT PROPERTIES (CONTINUED)

### (d) Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value at 31 March 2019 US\$'000	Valuation technique	Unobservable inputs	Relationship of unobservable input to fair value	
Land development rights	16,683	Discounted Cash Flow approach and cross- checked by Direct Comparison method to derive gross development value under residual land approach of which, value per square meter was adjusted on value per square meter of gross development value.	Discount rate	15%	The higher the discount rate, the lower the valuation.
			Terminal capitalisation rate	11%	The higher the terminal capitalisation rate, the lower the valuation
			Average occupancy rate	35% to 65%	The higher the average occupancy rate, the higher the valuation
			Average room rate	US\$512,563	The higher the average room rate, the higher the valuation.
			Developer profit margin	15%	The higher the developer profit, the higher the valuation.
			Adjusting factor	50%	The higher the adjusted value, the lower the valuation.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 18. INVESTMENT PROPERTIES (CONTINUED)

### (e) Valuation process of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. As at 31 March 2019, the fair value of the properties are determined by Jones Lang LaSalle Property Consultants Pte. Ltd.

The finance department of the Group includes a team that performs the valuations of non-property assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the financial controller ("FC"). Discussions of valuation processes and results are held between the FC and the valuation team at least once every quarter, in line with the Group's quarterly reporting dates.

At each financial year end the finance department:

- verifies all major inputs to the independent valuation reports;
- assesses property valuation movements compared to the prior year valuation reports; and
- holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the quarterly valuation discussions between the FC and the valuation team. As part of this discussion, the valuation team presents a report that explains the reasons for the fair value movements.

## 19. INTANGIBLE ASSETS

	Group		
	31 March		1 April
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
<b>Composition:</b>			
Air operator certificates (Note a)	-	261	534
Customer relationship (Note b)	341	448	-
Goodwill (Note c)	7,773	6,282	-
Trademark (Note d)	1,060	1,060	-
Brand name (Note e)	63	63	-
	9,237	8,114	534

### (a) Air operator certificates

	Group	
	31 March	
	2019	2018
	US\$'000	US\$'000
Cost		
Beginning and end of financial year	807	807
Accumulated amortisation		
Beginning of financial year	547	274
Amortisation charge	260	273
End of financial year	807	547
Carrying value	-	260



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 19. INTANGIBLE ASSETS (CONTINUED)

### (b) Customer relationship

	Group	
	31 March	
	2019	2018
	US\$'000	US\$'000
Cost		
Beginning of financial year	536	–
Acquisition of subsidiary corporations	–	536
End of financial year	536	536
Accumulated amortisation		
Beginning of financial year	88	–
Amortisation charge	107	88
End of financial year	195	88
Carrying value	341	448

### (c) Goodwill

	Group	
	31 March	
	2019	2018
	US\$'000	US\$'000
Cost		
Beginning of financial year	6,282	–
Acquisition of subsidiary corporations	1,491	6,282
End of financial year	7,773	6,282

### (d) Trademark

	Group	
	31 March	
	2019	2018
	US\$'000	US\$'000
Cost		
Beginning of financial year	1,060	–
Acquisition of subsidiary corporations	–	1,060
End of financial year	1,060	1,060

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 19. INTANGIBLE ASSETS (CONTINUED)

(e) Brand name

	Group	
	31 March	
	2019	2018
	US\$'000	US\$'000
Cost		
Beginning of financial year	63	–
Acquisition of subsidiary corporations	–	63
End of financial year	63	63

(f) Amortisation expenses amounting to US\$367,000 (2018:US\$361,000) are included in profit or loss under administrative expenses (Note 6).

(g) Impairment test for goodwill and intangible assets with indefinite useful lives (trademark and brand)

Goodwill and intangible assets with indefinite useful lives (trademark and brand) are allocated to the Group's cash-generating units ("CGUs") identified according to below business segments:

### Group

	Services		Hotels		Experiences	
	31 March		31 March		31 March	
	2019	2018	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Goodwill on business acquisition	5,484	5,484	2,028	537	261	261
Trademark	1,060	1,060	–	–	–	–
Brand	–	–	–	–	63	63

The recoverable amount of a CGU was determined based on value-in-use ("VIU"). Cash flow projections used in the VIU calculations were based on financial budget approved by management covering a five-year period. Estimated cash flows beyond the five-year period are estimated using perpetual growth terminal value formula. The growth rate did not exceed the long-term average rate for the CGUs.

Key estimates used for value-in-use calculations:

	Services		Hotels		Experiences	
	31 March		31 March		31 March	
	2019	2018	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Average budgeted gross margin	26.0%	20.9%	47.0% / 74.0%	67%	29.0%	23.9%
Perpetual growth rate	3.0%	5.0%	5.0%	5.0%	3.0%	5.0%
Discount rate	21.5%	18.7%	18.9% / 23.3%	20.8%	19.3%	29.7%

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 19. INTANGIBLE ASSETS (CONTINUED)

(g) *Impairment test for goodwill and intangible assets with indefinite useful lives (trademark and brand) (continued)*

Key estimates used for value-in-use calculations: (continued)

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

Management has assessed that the recoverable amounts (i.e. VIU) of the CGUs are higher than the carrying values of the CGUs, accordingly no impairment charge has recognised.

Sensitivity analysis

The impairment test carried out as at 31 March 2019 and 2018 for respective business segment has revealed that the recoverable amounts of the CGU (including goodwill) and intangible assets with indefinite useful lives (trademark and brand) are higher than the carrying amounts as follows:

	Services US\$'000	Hotels US\$'000	Experiences US\$'000
<b>As at 31 March 2019</b>			
<b>Amount above carrying amount</b>			
- CGU (including goodwill)	69	667	1,753
- Intangible assets	5,815	-	1,951
<b>% above carrying amount</b>			
- CGU (including goodwill)	1.0	14.3	NM
- Intangible assets	NM	-	NM
<b>As at 31 March 2018</b>			
<b>Amount above carrying amount</b>			
- CGU (including goodwill)	1,023	29	1,496
- Intangible assets	6,550	-	1,364
<b>% above carrying amount</b>			
- CGU (including goodwill)	16	1.0	NM
- Intangible assets	NM	-	NM

For services CGU goodwill impairment, a further increase in the discount rate by 0.1% (2018: 0.7%) or a decrease in perpetual growth rate by 0.3% (2018: 1.1%) would result in the recoverable amount of the CGU being equal to its carrying amount.

For the hotels CGU goodwill impairment, a further increase in the discount rate by 5.5% to 6.5% (2018: 0.1%) would result in the recoverable amount of the CGU being equal to its carrying amount.

NM - Not meaningful as the recoverable amount is significantly higher than the carrying amount, it is unlikely a reasonably possible change in key assumptions made by management would result in the recoverable amount to exceed its carrying amount.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 20. TRADE AND OTHER PAYABLES

	Group		
	31 March		1 April
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
Trade payables – Non-related parties	304	291	–
Non-trade payables			
– Non-related parties	6,410	208	3,021
– Related parties	1,339	1,157	2,906
	7,749	1,365	5,927
Contract Liabilities	1,263	497	333
Retention payable to contractors	1,160	–	–
Accrued operating expenses	2,239	3,354	524
	12,715	5,507	6,784

	Company		
	31 March		1 January
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
Non-trade payables			
– Non-related parties	3,193	62	–
– Related parties	106	28	–
– Subsidiary corporations	10,496	51	–
	13,795	141	–
Accrued operating expenses	–	183	325
	13,795	324	325

Non-trade payables to related parties and subsidiary corporations are unsecured, interest-free and payable on demand.

Included in non-trade payables as at 31 March 2019 was remaining cash consideration payable to vendors for acquisitions of new business and subsidiary corporations amounting to US\$2,946,000 (31 March 2018: Nil; 1 April 2017: Nil) [Note 31 (a)(i)].

Contract liabilities relate primarily to advance consideration received from customers for rendering of services recognised over time. The contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer. The significant changes in the contract liabilities during the financial year are as follows:

	Group	
	2019	2018
	US\$'000	US\$'000
Revenue recognised that was included in contract liabilities at the beginning of financial year	497	333
Increases due to cash received and contractual progress billing, excluding amounts recognised as revenue during the financial year	1,263	497

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 21. BORROWINGS

	Group		
	31 March		1 April
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
Secured bank borrowings			
– Current	1,042	–	–
– Non-current	15,511	–	–
Total borrowings	16,553	–	–

There is no exposure of the borrowings of the Group to interest rate changes as the borrowings bear fixed interest rate of 13% per annum which is the market interest rate.

### (a) Security granted

- (i) bank borrowing of US\$8,604,000 (equivalent to Myanmar Kyat 13.0 billion) owing by Pun Hlaing Lodge Hotel Management Limited (“PHLHML”) is secured by a plot of land of 2.20 acres in Pun Hlaing Estate where Awei Metta is situated.
- (ii) bank borrowing of US\$ 7,949,000 (equivalent to Myanmar Kyat 12.0 billion) owing by Shwe Lay Ta Gun Travels & Tour Limited (“SLTG”) is secured by several plots of land in Bagan of a total of 4.31 acres.
- (iii) corporate guarantee by the Company.

### (b) Fair value of non-current borrowings

	Group		
	31 March		1 April
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
Secured bank borrowings			
Non-current	12,675	–	–

The fair value are determined from the cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the reporting date which the management expects to be available to the Group of 13% per annum.

## 22. 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:

	Group		
	31 March		1 April
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
Deferred income tax liabilities			
– To be settled within one year	47	99	68
– To be settled after one year	2,242	646	65
	2,289	745	133

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 22. DEFERRED INCOME TAXES (CONTINUED)

The movement in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	Group	
	31 March	
	2019	2018
	US\$'000	US\$'000
<i>Fair value of air operator certificates</i>		
Beginning of financial year	65	133
Credited to profit or loss	(65)	(68)
End of financial year	-	65

	Group	
	31 March	
	2019	2018
	US\$'000	US\$'000
<i>Fair value of land and buildings</i>		
Beginning of financial year	303	-
Acquisition of subsidiary corporations	421	312
Credited to profit or loss	(16)	(9)
End of financial year	708	303

	Group	
	31 March	
	2019	2018
	US\$'000	US\$'000
<i>Fair value of customer relationship</i>		
Beginning of financial year	377	-
Acquisition of subsidiary corporations	-	399
Credited to profit or loss	(27)	(22)
End of financial year	350	377

	Group	
	31 March	
	2019	2018
	US\$'000	US\$'000
<i>Fair value of investment properties</i>		
Beginning of financial year	-	-
Acquisition of subsidiary corporations	1,231	-
End of financial year	1,231	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 23. SHARE CAPITAL

<u>Group</u>	<u>Issued Share Capital</u>	
	<u>No. of Ordinary shares '000</u>	<u>Amount US\$'000</u>
<b>2019</b>		
As at 1 April 2018	351,307	67,902
Issuance of new shares (a)	150,364	16,570
As at 31 March 2019	501,671	84,472
<b>2018</b>		
As at 1 April 2017 (b)	54,974	39,982
Shares issued for restructuring (c)	14,720	10,800
Reversal of shares on restructuring	(69,694)	-
As at 1 April 2017 (d)	305,983	50,782
Share consolidation (f)	(262,273)	-
Issuance of shares pursuant to the reverse acquisition (g)	264,997	9,315
Issuance of placement shares (h)	42,600	8,134
Share issue expense (h)	-	(329)
As at 31 March 2018	351,307	67,902
	<u>Issued Share Capital</u>	
	<u>No. of Ordinary shares '000</u>	<u>Amount US\$'000</u>
<u>Company</u>		
<b>2019</b>		
As at 1 April 2018	351,307	68,197
Issuance of new shares (a)	150,364	16,570
As at 31 March 2019	501,671	84,767
<b>2018</b>		
As at 1 January 2017	305,983	27,781
Currency alignment due to change of functional currency	-	616
Reduction in share capital (e)	-	(20,117)
Share consolidation (f)	(262,273)	-
	43,710	8,280
Issuance of shares pursuant to the reverse acquisition (g)	264,997	52,112
	308,707	60,392
Issuance of placement shares (h)	42,600	8,134
Share issue expense (h)	-	(329)
As at 31 March 2018	351,307	68,197

The Group's share capital amount differs from that of the Company as a result of reverse acquisition accounting as described in Note 1.3.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 23. SHARE CAPITAL (CONTINUED)

The newly issued shares rank pari passu in all respects with the previously issued shares.

- (a) (i) On 7 June 2018, the Company issued 3,890,640 ordinary shares at fair value of US\$0.1453 per share (equivalent to S\$0.195 per share) amounting to US\$566,000 to the vendors of Kayah Resort business ("KR business") as part of tranche 1 payment [Note 31 (a)(i)].
- (ii) On 26 October 2018, the Company issued 146,473,133 ordinary shares at fair value of US\$0.1093 per share (equivalent to S\$0.151 per share) amounting to US\$16,004,000 (net of issuance costs of US\$7,000) to the vendors of SM Asset Holdings Pte. Ltd. ("SMAH") and Mokaan (S) Pte. Ltd. ("Mokaan") [Note 31 (a)(i)]
- (b) The comparative figures as at 1 April 2017 represent the aggregate amounts of the shares issued for pooling-of-interests method of accounting for the following subsidiary corporations and difference of US\$20,190,000 was taken to merger reserve [Note 25 (b)]:

	No. of Ordinary shares '000	Amount US\$'000
Shwe Lay Ta Gun Travels & Tours Company Limited	25,067	18,392
Chindwin Investments Limited	11,707	8,590
Pun Hlaing Lodge Hotel Management Limited	18,200	13,000
	54,974	39,982

- (c) Pursuant to the restructuring exercise as disclosed in Note 1.2, MM Myanmar issued new ordinary shares to acquire the following subsidiary corporations on 17 August 2017 [Note 31 (b)]:

	No. of Ordinary shares '000	Amount US\$'000
Asia Holidays Travels & Tours Company Limited	8,385	6,152
Traditional Lodge Hotel Company Limited	6,335	4,648
	14,720	10,800

- (d) The equity structure (i.e. the number and types of equity instruments issued) reflect the equity structure of the Company, being the legal parent, including the equity instruments issued by the Company to reflect the reverse acquisition.
- (e) The Company undertook a capital reduction exercise on 7 December 2017 by way of cash distribution of US\$0.06 per share prior to reduction of the issued and paid-up capital of the Company of US\$28,397,000 to US\$8,280,000 and completion of the reverse acquisition. The capital reduction exercise did not result in any change in the number of shares of the Company.
- (f) On 26 December 2017, the Company consolidated its every seven existing shares into one new consolidated shares.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 23. SHARE CAPITAL (CONTINUED)

- (g) As disclosed in Note 1.3, the Company completed its acquisition of the entire share capital of MM Myanmar by way of issuance of 264,997,065 new ordinary shares in the Company to the shareholders of MM Myanmar. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of the MM Myanmar became the controlling shareholders of the Company upon completion of the transaction. MM Myanmar is deemed to have issued equity shares as purchase consideration for the assets and liabilities of the Company using the accounting principles in SFRS(I) 2 *Share-based Payment*, as the Company's operation did not constitute a business under SFRS(I) 3 *Business Combination* at the time of completion of the reverse acquisition.

In the consolidated financial statements, the acquisition costs arising from the reverse acquisition determined using the fair value of the issued equity of the Company amounted to US\$9,315,000 before the acquisition, being 43,710,000 shares at US\$0.213 (equivalent to S\$0.285) per share, which represents the market value of the Company at the date of completion of the reverse acquisition.

The identifiable assets of the Company were as follows:

	Amount US\$'000
Cash and cash equivalents	3,107
Other receivables	50
Other payables	(169)
Total identifiable net assets	<u>2,988</u>

The difference between the purchase consideration and identifiable net assets of the Company, amounted to US\$6,327,000 (Note 7), has been recognised in profit or loss as acquisition costs arising from the reverse acquisition incurred by MM Myanmar in accordance with SFRS(I) 2 *Share-based Payment*. Cash and cash equivalents of US\$3,107,000 has been recognised as proceeds from reverse acquisition under investing activities in the consolidated statement of cash flows.

In the separate financial statements of the Company, the acquisition costs arising from the reverse acquisition was determined by reference to the issue of 264,977,000 consideration shares at US\$0.197 (equivalent to S\$0.263) per share amounted to US\$52,112,000 (Note 16).

- (h) On 4 January 2018, the Company allotted and issued 4,260,000 ordinary shares at US\$0.191 (equivalent to S\$0.25) per share for cash consideration of US\$8,134,000 and share issue expense of US\$329,000.

## 24. PERFORMANCE SHARES

Performance shares are awarded free of charge to eligible participants under Memories Performance Share Plan (the "Memories PSP") after taken into accounts criteria such as the rank, scope of responsibilities, performance, years of services and potential for future development of the participant. The length of the vesting period in respect of each award are determined by the Remuneration Committee ("RC") 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 Group for a further period even after having satisfied the performance target.

The release of Performance Share Award is subject to the achievement of certain pre-determined performance conditions as determined by RC or otherwise in accordance with the rules of the Memories PSP.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 24. PERFORMANCE SHARES (CONTINUED)

On 4 April 2018 (“Date of Grant”), the Company granted an Award for an aggregate of 1,000,000 shares (the “Shares Award”) to the then Chief Executive Officer (“CEO”) of the Company, pursuant to the Memories PSP. The then CEO resigned on 31 January 2019 and 50% of the Shares Award was forfeited during the fourth quarter of the financial year ended 31 March 2019. On 30 April 2019, 500,000 shares being the balance of 50% of the Shares Award were vested and released.

The fair value of the share awards vested and released, determined based on the closing price of the Company’s shares as quoted on the SGX-ST as at the Date of Grant of US\$0.144 (equivalent to S\$0.196) was estimated to be US\$72,000.

## 25. OTHER RESERVES

### Composition:

	Group		
	31 March		1 April
	2019	2018	2017
	US\$’000	US\$’000	US\$’000
Capital reserve	566	–	–
Merger reserve	(20,190)	(20,190)	(20,190)
Currency translation reserve	(2,498)	(285)	–
Performance share reserve (Note 24)	72	–	–
	(22,050)	(20,475)	(20,190)
	Company		
	31 March		1 January
	2019	2018	2017
	US\$’000	US\$’000	US\$’000
Capital reserve	566	–	–
Currency translation reserve	(47)	(47)	(65)
Performance share reserve	72	–	–
	591	(47)	(65)

Other reserves are non-distributable.

- (a) Capital reserve represents the fair value of the 3,890,640 consideration shares to be issued to the vendors for acquisition of KR business during the financial year [Note 31 (a)(i)].
- (b) Merger reserve represents the differences between the cost of investment recorded at the fair value of the equity shares issued by the Company and the share capital of each of the entity under common control as explained in Note 1.2 and Note 23(b) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 25. OTHER RESERVES (CONTINUED)

### (c) Currency translation reserve

	<b>Group</b>	
	<b>31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Beginning of financial year	(285)	–
Net currency translation difference of financial statements of foreign subsidiary corporations	(2,213)	(285)
End of financial year	(2,498)	(285)
	<b>Company</b>	
	<b>31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Beginning of financial year	(47)	(65)
Net currency translation differences arising from change in presentation currency	–	18
End of financial year	(47)	(47)

- (d) Performance share reserve represents the fair value of the 500,000 performance shares granted to the eligible employee during the financial year ended 31 March 2019 (2018: Nil).

## 26. ACCUMULATED LOSSES

- (a) Retained profits of the Group and the Company are fully distributable, if any.
- (b) Movement in accumulated losses of the Company is as follows:

	<b>Company</b>	
	<b>31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Beginning of financial year	(5,564)	(2,465)
Net loss	(1,759)	(3,099)
End of financial year	(7,323)	(5,564)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27. FINANCIAL RISK MANAGEMENT

### *Financial risk factors*

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out centrally in accordance with the policies set by the Board of Directors. The Group identifies and evaluates financial risks in close co-operation with the Group's operating units and measures actual exposures against the limits set and report to the Board of Directors regularly.

#### (a) Market risk

##### (i) Currency risk

The Group operates predominately in Myanmar and Singapore. Entities in the Group regularly transact currencies other than their respective functional currency ("foreign currencies").

Currency risk arises when transactions are denominated in foreign currencies such as United States Dollar ("USD"), Myanmar Kyat ("Kyat") and Singapore Dollar ("SGD"). The 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 Group has not entered into any currency forward contracts.

The 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
<b>As at 31 March 2019</b>					
<b>Financial assets</b>					
Cash and bank balances	1,920	174	77	94	2,265
Trade and other receivables	1,232	1,505	1	2	2,740
Receivables from subsidiary corporations	76,523	10,652	5,517	62	92,754
	79,675	12,331	5,595	158	97,759
<b>Financial liabilities</b>					
Trade and other payables	(6,364)	(4,874)	(214)	-	(11,452)
Borrowings	-	(16,553)	-	-	(16,553)
Payables to subsidiary corporations	(76,523)	(10,652)	(5,517)	(62)	(92,754)
	(82,887)	(32,079)	(5,731)	(62)	(120,759)
<b>Net financial (liabilities)/assets</b>	(3,212)	(19,748)	(136)	96	(23,000)
Add/(Less): Net non-financial assets/ (liabilities)	82,618	1,375	(220)	39	83,812
<b>Currency profile including non-financial assets and liabilities</b>	79,406	(18,373)	(356)	135	60,812
<b>Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currency</b>	-	(19,748)	(136)	96	(19,788)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

The 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
<b>As at 31 March 2018</b>					
<b>Financial assets</b>					
Cash and bank balances	2,290	65	6,680	40	9,075
Trade and other receivables	1,306	852	156	35	2,349
Receivables from subsidiary corporations	14,133	750	3,754	–	18,637
	17,729	1,667	10,590	75	30,061
<b>Financial liabilities</b>					
Trade and other payables	(3,208)	(1,576)	(213)	(13)	(5,010)
Payables to subsidiary corporations	(14,133)	(750)	(3,754)	–	(18,637)
	(17,341)	(2,326)	(3,967)	(13)	(23,647)
<b>Net financial (liabilities)/assets</b>	388	(659)	6,623	62	6,414
Add/(Less): Net non-financial assets/ (liabilities)	21,606	15,776	13	–	37,395
<b>Currency profile including non-financial assets and liabilities</b>	21,994	15,117	6,636	62	43,809
<b>Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currency</b>	–	(659)	6,623	62	6,026

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

The 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
<b>As at 31 March 2017</b>					
<b>Financial assets</b>					
Cash and bank balances	432	75	-	39	546
Trade and other receivables	6,348	-	-	132	6,480
Receivables from subsidiary corporations	891	-	-	-	891
	7,671	75	-	171	7,917
<b>Financial liabilities</b>					
Trade and other payables	(4,492)	(513)	(1,434)	(12)	(6,451)
Payables to subsidiary corporations	(891)	-	-	-	(891)
	(5,383)	(513)	(1,434)	(12)	(7,342)
<b>Net financial assets/ (liabilities)</b>	2,288	(438)	(1,434)	159	575
Add/(Less): Net non-financial assets/ (liabilities)	22,584	(556)	-	-	22,028
<b>Currency profile including non-financial assets and liabilities</b>	24,872	(994)	(1,434)	159	22,603
<b>Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currency</b>	-	(438)	(1,434)	159	(1,713)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

If the Kyat and SGD change against the USD by 14% and 3% (31 March 2018: 2% and 6%; 1 April 2017: 13% and 4%) respectively, with all other variables including tax rate being held constant, the effects arising from the net financial position on the Group's result before income tax will be as follows:

	Group		
	31 March		1 April
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
<i>Increase/(Decrease)</i>			
Kyat against USD			
– strengthened	(2,765)	(13)	(57)
– weakened	2,765	13	57
<i>Increase/(Decrease)</i>			
SGD against USD			
– strengthened	4	398	(58)
– weakened	(4)	(398)	58

The Company's currency exposure based on the information provided to key management is as follows:

	USD	Kyat	SGD	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>As at 31 March 2019</b>				
<b>Financial assets</b>				
Cash and bank balances	23	–	68	91
Trade and other receivables	2,812	205	6,849	9,866
	2,835	205	6,917	9,957
<b>Financial liabilities</b>				
Trade and other payables	(13,795)	–	–	(13,795)
<b>Net financial (liabilities)/assets</b>	(10,960)	205	6,917	(3,838)
Add: Net non-financial assets	29,742	–	52,131	81,873
<b>Currency profile including non-financial assets and liabilities</b>	18,782	205	59,048	78,035
<b>Currency exposure of financial assets net of those denominated in the Company's functional currency</b>	–	205	6,917	7,122

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27. FINANCIAL RISK MANAGEMENT (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	SGD US\$'000	Total US\$'000
<b>As at 31 March 2018</b>				
<b>Financial assets</b>				
Cash and bank balances	-	-	6,676	6,676
Trade and other receivables	40	227	3,842	4,109
	40	227	10,518	10,785
<b>Financial liabilities</b>				
Trade and other payables	(94)	(23)	(207)	(324)
<b>Net financial (liabilities)/assets</b>	(54)	204	10,311	10,461
Add: Net non-financial assets	52,112	-	13	52,125
<b>Currency profile including non-financial assets and liabilities</b>	52,058	204	10,324	62,586
<b>Currency exposure of financial assets net of those denominated in the Company's functional currency</b>	-	204	10,311	10,515

The Company's currency exposure based on the information provided to key management is as follows:

	USD US\$'000	Kyat US\$'000	SGD US\$'000	Total US\$'000
<b>As at 1 January 2017</b>				
<b>Financial assets</b>				
Cash and bank balances	-	-	25,352	25,352
Trade and other receivables	-	-	7	7
	-	-	25,359	25,359
<b>Financial liabilities</b>				
Trade and other payables	-	-	(325)	(325)
<b>Net financial assets</b>	-	-	25,034	25,034
Add: Net non-financial assets	-	-	217	217
<b>Currency profile including non-financial assets and liabilities</b>	-	-	25,251	25,251
<b>Currency exposure of financial/assets net of those denominated in the Company's functional currency</b>	-	-	-	-



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

If the Kyat and SGD change against the USD by 14% and 3% (31 March 2018: 2% and 6%; 1 April 2017: Nil) respectively, with all other variables including tax rate being held constant, the effects arising from the net financial position on the Company's result before income tax will be as follows:

	Company		
	31 March		1 January
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
<i>Increase/(Decrease)</i>			
Kyat against USD			
– strengthened	29	4	–
– weakened	(29)	(4)	–
<i>Increase/(Decrease)</i>			
SGD against USD			
– strengthened	208	619	–
– weakened	(208)	(619)	–

#### (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 Group's income and operating cash flow are substantially independent of changes in the market interest rates as its financial assets are non-interest bearing, and its borrowings are at fixed interest rate. Therefore, the Group has no significant exposure on the changes in market interest rates.

### (b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and arises principally the Group's receivables from customers. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining sufficient collateral where appropriated to mitigate credit risk; and
- High credit quality counterparties.

The Group provides destination management services, accommodation (hotels and resorts) and recreation experiences to its customers. Due to the nature of the Group's businesses, the customers are generally required to pay in advance, except for the travel agencies which are granted certain credit limits and amounts.

Credit exposure to travel agencies are restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level of management.

As at 31 March 2019, trade receivables of the Group amounting to US\$55,000 (31 March 2018: US\$192,000; 1 April 2017: US\$34,000) comprise 1 debtor (31 March 2018: 1 debtor; 1 April 2017: 1 debtor) that individually represented 10% (31 March 2018: 54%; 1 April 2017: 14%) of trade receivables at each reporting date.

As the 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 statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

#### Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss (“ECL”) allowance for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on their shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written-off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises trade receivables for potential write-off when the counterparty fails to make contractual payments more than 180 days past due which are derived based on the Group's historical information. Where receivables are written-off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The movements in credit loss allowance are as follows:

	Trade receivables US\$'000
<b>Group</b>	
Balance at 1 April 2018 under SFRS	31
Application of SFRS(I) 9	-
Balance at 1 April 2018 under SFRS(I) 9	31
Loss allowance recognised in profit or loss during the financial year on:	
– recovered during the financial year	(31)
– loss allowance	36
Net impact to profit or loss (Note 6)	5
Balance at 31 March 2019 (Note 13)	36

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 March 2019 are set out in the provision matrix as follows:

	Current	Within 30 days	1 to 3 months	4 to 6 months	Over 6 months	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables	244	167	117	6	36	570
Loss allowance	-	-	-	-	36	36

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

#### Other financial assets, at amortised cost

The Group's and the Company's other financial assets recognised at amortised cost are mainly comprised of cash and cash equivalents, non-trade receivables from related parties and deposits. These other financial assets are subject to immaterial credit loss.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of these other financial assets.

For the purpose of impairment assessment, loss allowance is generally measured at an amount equal to 12-month ECL as there is low risk of default and strong capability to meet contractual cash flows. When the credit quality deteriorates and the resulting credit risk of other financial assets increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

Other financial assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of other receivables to engage in a repayment plan with the Group or the Company, and a failure to make contractual payments.

No allowance against other financial assets, at amortised cost is recognised as the management believes that the amounts that are collectible, based on historical payment behaviour and credit-worthiness of these receivables.

#### *Previous accounting policy for impairment of financial assets*

In 2018, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

#### *Previous accounting policy for impairment of financial assets (continued)*

The Group's credit risk exposure in relation to trade receivables under SFRS 39 as at 31 March 2018 and 1 April 2017 are set out in the provision matrix as follows:

	Past due		
	less than 3 months	3 to 6 months	Total
	US\$'000	US\$'000	US\$'000
<b>Group</b>			
<b>31 March 2018</b>			
<b>Trade receivables</b>			
Gross carrying amount:			
- Past due but not impaired	325	-	325
- Past due and impaired	-	31	31
			356
Less: Allowance for impairment (Note 13)			
- Beginning of the financial year			-
- Allowance made (Note 6)			(31)
			(31)
<b>Net carrying amount</b>			325
	Past due		
	less than 3 months	3 to 6 months	Total
	US\$'000	US\$'000	US\$'000
<b>1 April 2017</b>			
<b>Trade receivables</b>			
Gross carrying amount:			
- Past due but not impaired	239	6	245
- Past due and impaired	-	-	-
			245
Less: Allowance for impairment			
<b>Net carrying amount</b>			245

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

#### *Previous accounting policy for impairment of financial assets (continued)*

Financial assets that are neither past due nor impaired

Financial assets that are neither past due nor impaired are mainly deposits with banks with high credit ratings and no history of default. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

Other than the above, there are no impairment allowance for other financial assets at amortised costs as at 31 March 2018 and 1 April 2018.

### (c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities. The Group's and Company's ability to make scheduled payments or refinance its obligations depends on the Group's successful financial and operating performance, cash flows and capital resources, which in turn depend upon prevailing economic conditions and certain financial, business and other factors.

The Group's and the Company's ability to repay or refinance its indebtedness will also depend on its future financial and operating performance. The Group's performance, in turn, will be subject to prevailing economic and competitive conditions, as well as financial, business, legislative, regulatory, industry and other factors, many of which are beyond the Group's control. The Group's and the Company's ability to meet its debts service and other obligations may depend in significant part on the extent to which the Group can implement successfully its business growth and cost reduction strategies. The Group and the Company cannot provide any assurance that it will be able to implement its strategy fully or that the anticipated results of its strategy will be realised.

Prudent liquidity risk management includes maintaining sufficient cash. At the reporting date, assets held by the Group for managing liquidity risk included cash and bank balances.

Management monitors working capital projections regularly, taking into account the available banking facilities to ensure that the Group has adequate working capital to meet current requirements.

The table below analyses non-derivative financial liabilities of the 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (continued)

	Less than 1 year US\$000	Between 2 to 5 years US\$000
<b>Group</b>		
<b>At 31 March 2019</b>		
Trade and other payables	12,715	–
Bank borrowings	3,191	19,546
	15,906	19,546
<b>At 31 March 2018</b>		
Trade and other payables	5,507	–
<b>At 1 April 2018</b>		
Trade and other payables	6,784	–
<b>Company</b>		
<b>At 31 March 2019</b>		
Trade and other payables	13,795	–
<b>At 31 March 2018</b>		
Trade and other payables	324	–
<b>At 1 January 2017</b>		
Trade and other payables	325	–

### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The Board of Directors monitors its operating results and assets to assess the Group's capital requirements. The Group manages its capital structure and makes adjustments to it in consideration of many factors including (a) the changes in economic conditions, (b) the availability of comparatively advantageous financial strategies, (c) the cost of financing and (d) the impact of changes in the Group's liquidity and funding needs pertaining to the Group's business activities.

In order to adjust or maintain the capital structure, the Group may consider issuing debt either on fixed or floating, arrange or restructure committed debt facilities, issue new shares or adjust the amount or dividend payment. Management monitors capital based on working capital ratio. The Group's strategies are to maintain a working capital ratio not lower than 1. As at 31 March 2019, the Group's and the Company's working capital ratio is less than 1, however management is confident that the Group and the Company have resources to continue in operational existence for at least the next 12 months from the end of financial year based on the going concern assumptions set out in Note 3.

The working capital ratio is calculated as current assets divided by current liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Capital risk (continued)

	Group		
	31 March		1 April
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
Current assets	5,261	12,432	14,032
Current liabilities	14,321	6,044	7,207
Working capital ratio	0.37	2.06	1.95

	Company		
	31 March		1 January
	2019	2018	2017
	US\$'000	US\$'000	US\$'000
Current assets	9,975	10,798	25,359
Current liabilities	13,795	324	325
Working capital ratio	0.72	33.33	78.03

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 March 2019, 31 March 2018 and 1 April 2017, and 31 March 2019, 31 December 2018 and 1 January 2017 respectively.

### (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 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:

	Group	Company
	US\$000	US\$000
<b>At 31 March 2019</b>		
Financial assets, at amortised cost	5,005	9,957
Financial liabilities, at amortised cost	28,005	13,795
<b>At 31 March 2018</b>		
Loans and receivables	11,424	10,785
Financial liabilities, at amortised cost	5,010	324
<b>At 1 April 2017/1 January 2017</b>		
Loans and receivables	7,026	25,353
Financial liabilities, at amortised cost	6,451	325

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 28. RELATED PARTY TRANSACTIONS

- (a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties on terms agreed between the parties:

	Group	
	2019 US\$'000	2018 US\$'000
Sales and purchases of goods and services and other transactions	638	-
Rental expenses paid/ payable to related parties	243	21
Rendering of hot air balloons service to a related party	-	2
Purchases from a related party	3	20
Project management fee charged by a related party	4,226	151
Design fee charged by a related party	611	60
Loan to related party	662	-

Outstanding balances at 31 March 2019 and 2018, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Note 13 and Note 20 respectively.

- (b) Key management personnel compensation

	Group	
	2019 US\$'000	2018 US\$'000
Wages, salaries and bonus	600	418
Other short-term benefits	163	137
Employer's contribution to defined contribution plans	-	2
Directors fees	78	22
	841	579

## 29. COMMITMENTS

- (a) Capital commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements are as follows:

	Group	
	2019 US\$'000	2018 US\$'000
Property, plant and equipment	-	3,915



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 29. COMMITMENTS (CONTINUED)

### (b) Operating lease commitments – where the Group is a lessee

The 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:

	Group	
	31.3.2019	31.3.2018
	US\$'000	US\$'000
Within one year	121	250
Between one and five years	146	111
More than five years	2,099	–
	<b>2,366</b>	<b>361</b>

## 30. 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, Financial Controller and head of each business segment. The Group currently operates only in Myanmar and is organised into business units based on their services as follows:

### (a) Experiences segment

The Group experience segment comprise of commercial hot air balloon business and sea cruise.

The 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 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.

The Group, through Burma Boating, provide a premium cruising experience on luxury yacht operating under the brand “Burma Boating” in the Mergui Archipelago in southern Myanmar (the “BB Business”). The BB Business provides an all-around luxury experience to its customers which includes (i) private charter of the whole yacht; and (ii) join a cruise with other travelers. 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

The Group services segment provides destination management services (i.e full-scale and customised services in designing and implementing tours) through AHTT under the brand “Asia Holiday”. 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 meetings, incentives, travel, conventions and exhibition events; and (v) provision of travel guides of various languages in Myanmar.

The Group launched the Memories Travel brand to the travel industry during the financial year as an experience-driven DMC (Destination Management Company) which specialises in curating unique Myanmar experiences and bespoke itineraries to supplement the existing business in AHTT.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 30. SEGMENT INFORMATION (CONTINUED)

### (c) Hotels segment

Under the Hotels Segment, the Group currently owns and operates five properties across five major destinations in Myanmar, namely Keinnara Hpa-An, Keinnara Loikaw, Awei Metta, Awei Pila and Hotel Suggati Mawlamyaing. The 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 other 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 consolidated statements of comprehensive income are as follows:

	← Myanmar	→ Singapore			
	Services	Experiences	Hotels	Corporate	
	US\$'000	US\$'000	US\$'000	US\$'000	
				Total	
				US\$'000	
<b>For the financial year ended 31 March 2019</b>					
<b>Revenue</b>					
Total segment revenue	2,517	6,601	1,212	–	10,330
Inter-segment revenue	(9)	(173)	(54)	–	(236)
<b>Revenue from external parties</b>	<b>2,508</b>	<b>6,428</b>	<b>1,158</b>	<b>–</b>	<b>10,094</b>
Segment results	328	3,169	278	–	3,775
Other income/(loss), net	29	354	7,472	(17)	7,838
<b>Expenses</b>					
Administrative	(723)	(2,864)	(2,357)	(2,107)	(8,051)
Distribution and marketing	(151)	(104)	(152)	–	(407)
Finance	–	(726)	(361)	–	(1,087)
Profit before income tax					2,068
Income tax expense					(60)
<b>Net profit</b>					<b>2,008</b>
Net profit includes:					
– Depreciation of property, plant and equipment	(18)	(667)	(720)	–	(1,405)
– Amortisation of intangible assets	(107)	(260)	–	–	(367)
– Loss allowance of trade receivables	(5)	–	–	–	(5)
– Gain on bargain purchase	–	–	7,673	–	7,673
<b>Segment assets</b>	<b>7,487</b>	<b>11,944</b>	<b>72,103</b>	<b>1,399</b>	<b>92,933</b>
Additions to:-					
– Property, plant and equipment	–	474	36,860	1	37,335
– Investment properties	–	–	16,683	–	16,683
– Intangible assets	–	–	1,491	–	1,491
<b>Segment liabilities</b>	<b>1,797</b>	<b>10,478</b>	<b>15,725</b>	<b>4,121</b>	<b>32,121</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 30. SEGMENT INFORMATION (CONTINUED)

	← Myanmar	→ Singapore			
	Services	Experiences	Hotels	Corporate	
	US\$'000	US\$'000	US\$'000	US\$'000	
				Total	
				US\$'000	
<b>For the financial year ended 31 March 2018</b>					
<b>Revenue</b>					
Total segment revenue	2,410	6,062	525	–	8,997
Inter-segment revenue	–	(117)	(38)	–	(155)
<b>Revenue from external parties</b>	<b>2,410</b>	<b>5,945</b>	<b>487</b>	<b>–</b>	<b>8,842</b>
Segment results	632	3,300	160	–	4,092
Other income/ (loss), net	50	264	16	(6,259)	(5,929)
<b>Expenses</b>					
Administrative	(649)	(2,784)	(288)	(426)	(4,147)
Distribution and marketing	(82)	(134)	(8)	(16)	(240)
Loss before income tax					(6,224)
Income tax expense					(205)
<b>Net loss</b>					<b>(6,429)</b>
Net loss includes:					
– Depreciation of property, plant and equipment	(575)	(12)	(122)	–	(709)
– Amortisation of intangible assets	(273)	(88)	–	–	(361)
– Allowance for impairment of trade receivables	(31)	–	–	–	(31)
– Acquisition cost arising from reverse acquisition	–	–	–	(6,327)	(6,327)
<b>Segment assets</b>	<b>2,695</b>	<b>12,322</b>	<b>22,713</b>	<b>12,868</b>	<b>50,598</b>
Additions to:–					
– Property, plant and equipment	45	1,570	7,108	–	8,723
– Intangible assets	7,080	324	537	–	7,941
<b>Segment liabilities</b>	<b>1,706</b>	<b>1,887</b>	<b>2,902</b>	<b>294</b>	<b>6,789</b>

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.

All non-current assets of the Group are located in Myanmar except for the Company's property, plant and equipment with carrying amount of US\$1,000 (2018: Nil).

Revenue from major products and services are as disclosed in Note 5. There is no revenue derived from any customer which accounted for 10 per cent or more of the Group's total revenue for the financial year ended 31 March 2019 and 2018.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 31. BUSINESS COMBINATIONS

### (a) Business combination during the financial year ended 31 March 2019

On 30 May 2018, the Group completed the acquisition of KR business from vendors for fair value of consideration of US\$2,477,000. The purchase consideration shall be paid in three tranches comprise of cash consideration and share consideration. Upon completion of the acquisition, KR business is held by the Group's newly incorporated subsidiary corporation, Keinara Loikaw Company Limited.

In addition, the Company has on 26 October 2018, completed the acquisition of SMAH and Moka (collectively, " SMAH" Group) for fair value of consideration of US\$29,742,000 from vendors pursuant to three conditional share purchase agreements (collectively, the SPAs) signed on 25 July 2018. Two of the SPAs relate to the acquisition of 100% of the entire issued and fully paid up capital of SMAH and the third SPA relates to the acquisition of 20% of Moka's shares. The remaining 80% of Moka is owned by SMAH.

The acquisitions of the 100% interest of SMAH and 20% interest of Moka shall be completed concurrently as per conditions precedent in above SPAs and are accounted for as one single transaction to obtain full control over SMAH Group.

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date, were as follows: –

### (i) Purchase consideration

	KR business US\$'000	SMAH Group US\$'000
Total cash paid	725	11,405
Total shares consideration <sup>(1)</sup> [Note 23(a)]	566	16,011
Outstanding consideration included in:		
- Trade and other payables (Note 20)	620	2,326
- Capital reserve <sup>(2)</sup> [Note 25(a)]	566	–
Total fair value of purchase consideration	2,477	29,742

Note:

<sup>(1)</sup> 3,890,640 shares and 146,473,133 shares were issued as consideration for acquisition of KR business and SMAH Group respectively. Fair value of shares consideration are determined by Company's closing share price of US\$0.145 (equivalent to S\$0.195) and US\$0.109 (equivalent to S\$0.151) per share respectively at the completion date.

<sup>(2)</sup> Capital reserve represent the fair value of the 3,890,640 consideration shares to be issued to the vendors for the acquisition of the KR business.

### (ii) Effect on cash flows of the Group

	KR business US\$'000	SMAH Group US\$'000
Total cash paid	725	11,405
Less: Cash and bank balances in business/subsidiary corporation acquired	(1)	(2,181)
Transaction costs	6	–
Cash outflow on business acquisitions	730	9,224

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 31. BUSINESS COMBINATIONS (CONTINUED)

(a) *Business combination during the financial year ended 31 March 2019 (continued)*

(iii) *Identifiable assets acquired and liabilities assumed*

	KR business At fair value US\$'000	SMAH Group At fair value US\$'000
Cash and bank balances	1	2,181
Trade and other receivables	3	444
Property, plant and equipment (Note 17)	1,011 <sup>(1)</sup>	21,845 <sup>(2)</sup>
Investment properties (Note 18)	–	16,683 <sup>(2)</sup>
Inventories (Note vi)	8	17
<b>Total assets</b>	<b>1,023</b>	<b>41,170</b>
Trade and other payables	–	2,140
Deferred income tax (Note 22)	37	1,615
<b>Total liabilities</b>	<b>37</b>	<b>3,755</b>
<b>Total identifiable net assets</b>	<b>986</b>	<b>37,415</b>
Add/(Less): Goodwill/(Gain on bargain purchase)	1,491	(7,673)
<b>Considerations transferred for the businesses</b>	<b>2,477</b>	<b>29,742</b>

Note:

<sup>(1)</sup> Fair value of property, plant and equipment of KR business is determined based on the estimated net earnings for the remaining lease term of 35.6 years from valuation date, discounted using cost of fund of 14% per annum stipulated by the Central bank of Myanmar.

<sup>(2)</sup> Fair value of property, plant and equipment and investment properties of SMAH Group is determined by an independent valuer based on discounted cash flow approach and residual land approach.

(iv) *Acquisition-related costs*

No significant acquisition-related costs arose from the acquisition of above businesses as the acquisitions are handled by the Group's legal department and business development management department. The related staff costs were included in administrative expenses in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(v) *Acquired receivables*

The fair values of trade and other receivables are US\$3,000 and US\$444,000 for KR business and SMAH Group respectively, represent gross amounts receivables. None of the trade and other receivables was expected to be uncollected at the acquisition date.

(vi) *Inventories*

The fair value of inventories of KR business and SMAH Group comprising consumables for the day to day operation of the lodge respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 31. BUSINESS COMBINATIONS (CONTINUED)

(a) *Business combination during the financial year ended 31 March 2019 (continued)*

(vii) *Revenue and net profit contribution*

Revenue and net profit contributed by KR business and SMAH Group to the Group from the respective acquisition date to 31 March 2019 were as follows:

	KR business US\$'000	SMAH Group US\$'000
Revenue	239	228
Net loss	(462)	(845)

Had KR business and SMAH Group been consolidated from 1 April 2018, consolidated revenue and consolidated net profit for the financial year ended 31 March 2019 would have been US\$10,142,000 and US\$1,094,000 respectively.

(b) *Business combination during the financial year ended 31 March 2018*

As disclosed in Note 1.2, MM Myanmar has on 17 August 2017, completed the acquisition of AHTT and TLH through issuance of 8,384,738 and 6,335,580 new ordinary shares with fair value of purchase consideration of US\$6,152,000 and US\$4,649,000 to the shareholders of AHTT and TLH or their nominees respectively.

To further expand the portfolio, MM Myanmar entered into an agreement to acquire Burma Boating Business (“BB Business”) on 28 February 2018. The acquisition of BB business including the tangible assets, as well as existing contracts and bookings, for cash consideration of US\$974,000. The acquisition of BB is accounted for using acquisition method in accordance with SFRS(I) 3 *Business Combinations*.

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on cash flows of the Group, at the acquisition date were as follows:

(i) *Purchase consideration*

	AHTT US\$'000	TLH US\$'000	BB US\$'000
Total cash paid	-	-	974
Total shares consideration <sup>(1)</sup> [Note 23(c)]	6,152	4,648	-
Total fair value of purchase consideration	6,152	4,648	974

<sup>(1)</sup> In relation to the restructuring exercise, 8,385,000 shares and 6,335,000 shares were issued as consideration for acquisition of AHTT and TLH respectively. Fair value per share derived by sum-of-parts approach in determining the fair market value of the acquired business was US\$0.73 per share.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 31. BUSINESS COMBINATIONS (CONTINUED)

(b) *Business combination during the financial year ended 31 March 2018 (continued)*

(ii) *Effect on cash flows of the Group*

	AHTT US\$'000	TLH US\$'000	BB US\$'000
Total cash paid	-	-	974
Less: Cash and bank balances in subsidiary corporation acquired	(31)	(118)	-
Cash (inflow)/outflow on business acquisitions	(31)	(118)	974

(iii) *Identifiable assets acquired and liabilities assumed*

	AHTT At fair value US\$'000	TLH At fair value US\$'000	BB At fair value US\$'000
Cash and bank balances	31	118	-
Trade and other receivables	738	12	-
Property, plant and equipment (Note 17)	35	4,360 <sup>(1)</sup>	650 <sup>(3)</sup>
Trademarks, brand and customer relationship (included in intangible assets) (Note 19) <sup>(2)</sup>	1,596	-	63
Inventories (Note vi)	22	17	-
Total assets	2,422	4,507	713
Trade and other payables	961	84	-
Current income tax liabilities	394	-	-
Deferred income tax (Note 22)	399	312	-
Total liabilities	1,754	396	-
<b>Total identifiable net assets</b>	<b>668</b>	<b>4,111</b>	<b>713</b>
Add: Goodwill Note 19 (c)	5,484	537	261
Considerations transferred for the businesses	6,152	4,648	974

<sup>(1)</sup> Fair value of property, plant and equipment of TLH is determined based on the estimated net earnings for the remaining lease term of 29 years, discounted using cost of fund of 13% per annum stipulated by the Central bank of Myanmar.

<sup>(2)</sup> Customer relationship is estimated using multi-period excess earning method on the basis that the fair value of the customer relationship is equal to the present value of the after-tax cash flows after deducting the appropriate contributory asset charges at useful lives of 5 years. Trademark and brand is estimated on using relief from royalty method and royalty rate as estimated by reference to actual licensing agreements of similar intellectual property or by reference to a general empirical rule of thumb.

<sup>(3)</sup> Fair value of property, plant and equipment of BB is determined by an independent valuer based on market approach.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 31. BUSINESS COMBINATIONS (CONTINUED)

### (b) Business combination during the financial year ended 31 March 2018 (continued)

#### (iv) Acquisition-related costs

No significant acquisition-related costs arose from the acquisition of above businesses as the acquisitions are handled by the Group's legal department and business development department. The related staff costs were included in administrative expenses in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

#### (v) Acquired receivables

The fair values of trade and other receivables are US\$738,000 and US\$12,000 for AHTT and TLH respectively, represent gross amounts receivables. None of the trade and other receivables was expected to be uncollected at the acquisition date.

#### (vi) Inventories

The fair value of inventories of AHTT and TLH comprising prepaid tickets and consumables for the day to day operation of the lodge respectively.

#### (vii) Revenue and net profit contribution

Revenue and net profit contributed by AHTT, TLH and BB to the Group from the respective acquisition date to 31 March 2018 were as follows:

	AHTT US\$'000	TLH US\$'000	BB US\$'000
Revenue	2,410	525	33
Net profit/(loss)	(184)	41	(69)

Had AHTT, TLH and BB been consolidated from 1 April 2017, consolidated revenue and consolidated loss for the financial year ended 31 March 2018 would have been US\$9,674,000 and US\$24,000 respectively.

## 32. EVENTS OCCURRING AFTER REPORTING DATE

- (a) On 30 April 2019, the Company issued and allotted 500,000 new ordinary shares in the capital of the Company ("New Shares") pursuant to the vesting of shares under the Memories Performance Share Plan (Note 24).
- (b) On 26 April 2019, the Company entered into a share purchase agreement with Oakfame Investment Limited and its holding company, Sun Hung Kai & Co. Limited for the acquisition of 1,696,636 shares in the capital of Strand Hotel International Limited ("Investment") by way of issuance of unlisted convertible bonds in the principal amount of US\$3,190,000 at the coupon rate of 5% per annum ("Convertible Bonds") which was completed on 15 May 2019. Management is in the midst of assessing the classification of the Convertible Bonds and Investment, accordingly the related financial impacts are not disclosed.
- (c) On 20 June 2019, the Group obtained additional term loans from a bank amounting to US\$7.33 million (equivalent to Myanmar Kyat 11 billion).



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 33. COMPARATIVE NUMBERS

The consolidated statement of financial position as 1 April 2017 (“comparative numbers”) are that of MM Myanmar and its subsidiary corporations (i.e. SLTG, CIL and PHLHML) which were presented using the merger accounting as MM Myanmar and its subsidiary corporations were considered to be under common control before and after internal restructuring which was completed in August 2017 (Note 1.2).

No audited report was issued in respect of the comparative numbers as MM Myanmar was incorporated in December 2016 with its first set of financial statements being the financial year ended 31 March 2018, however, the comparative numbers were audited as part of the audit for the financial year ended 31 March 2018.

## 34. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Group’s accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted:

*Effective for annual periods beginning on or after 1 January 2019*

### (a) SFRS(I) 16 Leases

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Upon transition to the new standard, lease liabilities will be measured at the present value of the remaining lease payments discounted by the Group’s incremental borrowing rate as at 1 April 2019. Right-of-use assets and lease liabilities will be recognised on the statement of financial position with cumulative difference recognised in retained earnings.

At transition, the Group expects to recognise right-of-use asset and lease liabilities of US\$276,000 for its leases previously classified as operating leases in the statement of financial position. The Group is finalising its assessment of the transitional right-of-use assets with any difference between the lease liability and the right-of-use asset recognised as reduction of retained earnings. Management is still analysing the assumptions and inputs for the transition, so the final impact may be different from the estimate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 34. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

*Effective for annual periods beginning on or after 1 January 2019 (continued)*

### (b) SFRS(I) INT 23 Uncertainty Over Income Tax Treatments

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- (i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- (ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- (iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- (iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- (v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation on 1 April 2019.

*Effective for annual periods beginning on or after 1 January 2020*

- Amendments to SFRS(I) 3: Definition of a Business
- Amendments to SFS(I) 1-1 and SFRS (I) 1-8: Definition of Material

*Effective for annual periods beginning on or after 1 January 2021*

- SFS(I) 17 Insurance Contracts

*Effective date: to be determined*

- Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between and Investor and its Associate of Joint Venture

## 35. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Memories Group Limited on 26 June 2019.

# STATISTICS OF SHAREHOLDINGS

As at 18 June 2019

No. of Issued Shares	: 502,170,955
Class of Shares	: Ordinary Share
Voting Rights	: 1 vote per share
Number of Treasury Shares And Subsidiary Holdings Held	: Nil

Size of shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	54	2.04	1,250	0.00
100 – 1,000	1,781	67.26	533,767	0.11
1,001 – 10,000	645	24.36	2,157,615	0.43
10,001 – 1,000,000	156	5.89	8,600,136	1.71
1,000,000 & ABOVE	12	0.45	490,878,187	97.75
<b>TOTAL</b>	<b>2,648</b>	<b>100.00</b>	<b>502,170,955</b>	<b>100.00</b>

Twenty Largest Shareholders (as shown in the Register of Members and Depository Registers)	No. of Shares	%
1 RAFFLES NOMINEES (PTE) LIMITED	141,918,173	28.26
2 UOB KAY HIAN PTE LTD	136,494,067	27.18
3 FIRST MYANMAR INVESTMENT PUBLIC COMPANY LIMITED	41,947,426	8.35
4 CITIBANK NOMINEES SINGAPORE PTE LTD	35,676,497	7.10
5 SHC CAPITAL HOLDINGS PTE LTD	35,662,759	7.10
6 YOMA STRATEGIC INVESTMENTS LTD.	31,159,449	6.20
7 PHILLIP SECURITIES PTE LTD	29,333,238	5.84
8 ACE PAN-ASIA OPPORTUNITIES SPC	20,445,836	4.07
9 JEAN-MICHEAL ALAIN ROMON	6,817,373	1.36
10 PYAI PHYO TUN	5,468,333	1.09
11 KUN NAUNG MYINT WAI	3,890,640	0.77
12 DBS NOMINEES PTE LTD	2,064,396	0.41
13 PIAK BOON SENG	773,514	0.15
14 GEORGES MICHEL NOVATIN	500,000	0.10
15 LAM SOON REALTY PTE LTD	334,714	0.07
16 OCBC SECURITIES PRIVATE LTD	323,268	0.06
17 KOH CHIN HWA	320,000	0.06
18 GOH YEN LOONG SHAUN (WU YANLONG)	303,100	0.06
19 MAYBANK KIM ENG SECURITIES PTE.LTD	295,102	0.06
20 RAMESH S/O PRITAMDAS CHANDIRAMANI	267,000	0.05
	<b>493,994,885</b>	<b>98.34</b>

# STATISTICS OF SHAREHOLDINGS

As at 18 June 2019

## SUBSTANTIAL SHAREHOLDERS

Based on the Register of Substantial Shareholders maintained by the Company as at 18 June 2019, the direct and deemed interests of each Substantial Shareholder are as follows:-

	Direct Interest		Deemed Interest	
	No. of Shares	% of total issued Shares <sup>(1)</sup>	No. of Shares	% of total issued Shares <sup>(1)</sup>
Serge Pun @ Theim Wai <sup>(2)</sup>	103,000	0.02	209,026,274	41.62
Yoma Strategic Holdings Ltd. (“YSH”) <sup>(3)</sup>	-	-	167,078,848	33.27
Yoma Strategic Investments Ltd. (“YSIL”)	167,078,848	33.27	-	-
Yangon Land Company Limited <sup>(4)</sup>	-	-	41,947,426	8.35
First Myanmar Investment Public Company Limited (“FMI”)	41,947,426	8.35	-	-
ACE-Pan Asia Opportunities	41,131,520	8.19	-	-
Shirish Sharaf <sup>(5)</sup>	-	-	141,004,800	28.08
2S Holdings <sup>(5)</sup>	-	-	141,004,800	28.08
Samena Capital Investors Co <sup>(5)</sup>	-	-	141,004,800	28.08
Samena General Partner III Limited <sup>(5)</sup>	-	-	141,004,800	28.08
Samena Capital <sup>(5)</sup>	-	-	141,004,800	28.08
Samena Special Situations Fund III LP <sup>(5)</sup>	-	-	141,004,800	28.08
Samena Mandalay Holdings	141,004,800	28.08	-	-
SHC Capital Holdings Pte. Ltd.	35,662,759	7.10	-	-
See Hoy Chan Sdn. Berhad <sup>(6)</sup>	-	-	35,662,759	7.10
Mr. Teo Soo Chew <sup>(7)</sup>	-	-	35,662,759	7.10
Mr. Teo Soo Kiat <sup>(7)</sup>	-	-	35,662,759	7.10
Mr. Teo Chiang Kai <sup>(7)</sup>	-	-	35,662,759	7.10

### Notes:

- <sup>(1)</sup> Percentage is calculated based on total number of issued shares comprising 502,170,955 shares as at 18 June 2019.
- <sup>(2)</sup> Mr. Serge Pun is deemed interested in 209,026,274 Shares held by YSIL and FMI as he holds an aggregate (both direct and deemed) (a) 33.21% shareholding interest in YSH, which owns the entire shareholding in YSIL; and (b) approximately 62.75% shareholding interests in FMI.
- <sup>(3)</sup> YSH is deemed interested in the 167,078,848 Shares held by YSIL arising from its 100% interest in YSIL.
- <sup>(4)</sup> Yangon Land Company Limited is deemed interested in the 41,947,426 Shares held by FMI arising from its 51.00% interest in FMI.
- <sup>(5)</sup> Samena Mandalay Holdings (“SMH”) is the vehicle through which Samena Capital holds its investment in the Company. Samena Special Situations Fund III is deemed interested in the 141,004,800 shares in the capital of the Company held by SMH, arising from its 100% shareholding interest in SMH. Samena Capital holds a deemed interest because it has indirect control of SMH which is directly interested in the 141,004,800 shares in the capital of the Company. Samena General Partner III Limited holds a deemed interest because it has indirect control of SMH which is directly interested in the 141,004,800 shares in the capital of the Company. Samena Capital Investors Co holds a deemed interest through its over 20% shareholding of Samena Capital, which has indirect control of SMH which is directly interested in the 141,004,800 shares in the capital of the Company. 2S Holdings holds a deemed interest through its over 20% shareholding of Samena Capital, which has indirect control of SMH which is directly interested in the 141,004,800 shares in the capital of the Company. Shirish Saraf holds a deemed interest through his ownership and control of entities which have over 20% shareholding of Samena Capital, which has indirect control of SMH which is directly interested in the 141,004,800 shares in the capital of the Company. Shirish Saraf owns 100% of the shares in 2S Holdings, and 100% of the voting rights in Samena Capital Investors Co.
- <sup>(6)</sup> See Hoy Chan Sdn. Berhad is deemed interested in the 35,662,759 Shares held by SHC Capital Holdings Pte. Ltd. arising from its 100% interest in SHC Capital Holdings Pte. Ltd.
- <sup>(7)</sup> 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.

## PUBLIC FLOAT

Rule 723 of the Catalyst Rules requires that at least 10% of the total number of issued shares (excluding preference shares and convertible equity securities) of a listed company in a class that is listed is at all times held by the public. Based on information available to the Company as at 18 June 2019, approximately 14.99% of the issued ordinary shares of the Company was held by the public and therefore, Rule 723 of the Catalyst Rules has been complied with.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of MEMORIES GROUP LIMITED (the “Company”) will be held at The Connection 4 Room, The Amara Hotel, 165 Tanjong Pagar Road Singapore 088539 on 23 July 2019 at 2:00 p.m. to transact the following business:–

## A. ORDINARY BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2019 together with the Independent Auditor’s Report thereon.  

**(Resolution 1)**
2. To approve the payment of Directors’ fees of up to S\$130,000 payable by the Company for the financial year ending 31 March 2020, payable quarterly in arrears.  

*(See Explanatory Note 1)*  
**(Resolution 2)**
3. To re-elect Mr. Serge Pun @ Theim Wai as a Director of the Company, who is retiring pursuant to Regulation 99(2) of the Constitution of the Company and who, being eligible, will offer himself for re-election.  

*(See Explanatory Note 2)*  
**(Resolution 3)**
4. To re-elect Mr. Pun Chi Yam Cyrus as a Director of the Company, who is retiring pursuant to Regulation 81 of the Constitution of the Company and who, being eligible, will offer himself for re-election.  

*(See Explanatory Note 3)*  
**(Resolution 4)**
5. To re-elect Mr. Lee Chye Beng Robin as a Director of the Company, who is retiring pursuant to Regulation 99(2) of the Constitution of the Company and who, being eligible, will offer himself for re-election.  

*(See Explanatory Note 4)*  
**(Resolution 5)**
6. To re-elect Mr. Chan Chun Hung Vincent as a Director of the Company, who is retiring pursuant to Regulation 81 of the Constitution of the Company and who, being eligible, will offer himself for re-election.  

*(See Explanatory Note 5)*  
**(Resolution 6)**
7. To re-appoint Nexia TS Public Accounting Corporation as Independent Auditor of the Company for the financial year ending 31 March 2020 and to authorise the Directors of the Company to fix their remuneration.  

**(Resolution 7)**

## B. SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions, with or without any modifications:

8. That pursuant to Section 161 of the Companies Act (Cap. 50) and Rule 806 of the Rules of Catalyst (“Catalist Rules”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be and are hereby authorised and empowered to allot and issue:
  - (i) shares in the capital of the Company (“shares”); or
  - (ii) convertible securities; or
  - (iii) additional convertible securities issued pursuant to adjustments; or
  - (iv) shares arising from the conversion of the securities in (ii) and (iii) above,

# NOTICE OF ANNUAL GENERAL MEETING

(whether by way of rights, bonus or otherwise or in pursuance of any offer, agreement or option made or granted by the Directors during the continuance of this authority or thereafter) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit (notwithstanding the authority conferred by this Resolution may have ceased to be in force),

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed one hundred per cent. (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) (“**Issued Shares**”), provided that the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of Issued Shares;
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of Issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities outstanding at the time this authority is given;
  - (ii) (where applicable) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Catalyst Rules of the SGX-ST; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the Catalyst Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act (Cap. 50), and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in a general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

*(See Explanatory Note 6)*  
**(Resolution 8)**

9. That for the purposes of Chapter 9 of the Catalyst Rules of the SGX-ST:
  - (a) approval be and is hereby given for the Company and its subsidiary companies (the “**Group**”) or any of them to enter into any of the transactions falling within the categories of Interested Person Transactions, particulars of which are set out in the Company’s addendum to shareholders dated 8 July 2019 (the “**Addendum**”), with any party who is of the class or classes of Interested Persons described in the Addendum, provided that such transactions are made on normal commercial terms in accordance with the review procedures for Interested Person Transactions as described in the Addendum and are not prejudicial to the interests of the Company and its minority shareholders (the “**Shareholders’ Mandate**”);
  - (b) the Shareholders’ Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier;
  - (c) the Audit and Risk Management 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 amendment to Chapter 9 of the Catalyst Rules of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

# NOTICE OF ANNUAL GENERAL MEETING

- (d) the Directors be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider necessary, desirable, expedient or in the interest of the Company to give effect to the Shareholders' Mandate and/or this Resolution.

(See Explanatory Note 7)  
(Resolution 9)

10. That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the vesting of awards under the Memories Performance Share Plan ("**Memories PSP**"), whether granted during subsistence of this authority or otherwise, provided always that the aggregate number of shares to be allotted and issued pursuant to the Memories PSP and any other share-based incentive schemes of the Company shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(See Explanatory Note 8)  
(Resolution 10)

## 11. TO TRANSACT ANY OTHER ORDINARY BUSINESS.

### BY ORDER OF THE BOARD

Loo Hwee Fang  
Shawn Chan Changyun  
Joint Company Secretaries

Singapore  
8 July 2019

### Explanatory Notes:-

1. Ordinary Resolution 2 proposed above, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during the financial year from 1 April 2019 to 31 March 2020. The amount of Directors' fees is computed based on the anticipated number of Board and Board Committee meetings, assuming full attendance by all the Directors.
2. Mr. Serge Pun @ Theim Wai, when re-elected, will remain as the Executive Director.
3. Mr. Pun Chi Yam Cyrus, when re-elected, will remain as an Executive Director.
4. Mr. Lee Chye Beng Robin, when re-elected, will remain as a Non-Executive Independent Director. He will also remain as the Chairman of Remuneration Committee and a member of the Audit and Risk Management Committee and Nominating Committee.

The Board of Directors considers him to be independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

5. Mr. Vincent Chan Chun Hung, when re-elected, will remain as a Non-Executive Non-Independent Director.
6. Ordinary Resolution 8 proposed above, if passed, will empower the Directors, from the date of the above annual general meeting until the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to issue and allot shares in the capital of the Company and/or convertible securities, up to a number not exceeding hundred per cent. (100%) of the total number of issued shares on a pro rata basis, of which up to fifty per cent. (50%) of the total number of issued shares may be issued other than on a pro rata basis to shareholders.

# NOTICE OF ANNUAL GENERAL MEETING

7. Ordinary Resolution 9 proposed above, if passed, will renew the existing Shareholders' Mandate that was approved by shareholders on 25 July 2018 to allow the Group to enter into certain Interested Person Transactions with those classes of Interested Persons as described in the Addendum.
8. Ordinary Resolution 10 proposed above, if passed, will empower the Directors to grant awards under the Memories PSP and to allot new shares pursuant to the vesting of such awards provided that the aggregate number of the shares to be issued when aggregated with the existing shares delivered and/or to be delivered pursuant to Memories PSP and any other share-based incentive schemes of the Company shall not exceed fifteen per cent. (15%) of the issued shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.

“**subsidiary holdings**” has the meaning ascribed to it in the Catalist Rules of the SGX-ST.

## Proxies:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the 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 proxies to attend, speak and vote at the annual general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“**relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act (Cap. 50) of Singapore.

2. A proxy need not be a member of the Company.
3. The form of proxy must be deposited at the Company's registered office at 78 Shenton Way, #32-00, Singapore 079120, not less than forty-eight (48) hours before the time set for the Annual General Meeting.

## Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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.



# DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

INFORMATION RELATING TO THE DIRECTORS WHO ARE SEEKING RE-ELECTION AS SET OUT IN APPENDIX 7F OF THE CATALIST RULES

Name of Persons	Serge Pun @ Theim Wai ("Mr. Serge Pun")	Pun Chi Yam Cyrus ("Mr. Cyrus Pun")	Lee Chye Beng Robin ("Mr. Robin C. Lee")	Chan Chun Hung Vincent ("Mr. Vincent Chan")
Date of appointment announcement ("Previous Announcements")	26 December 2017	21 January 2019	26 December 2017	30 January 2019
Country of principal residence	Myanmar	Myanmar	Singapore	Hong Kong
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Serge Pun as the Executive Chairman was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Serge Pun's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr. Cyrus Pun as the Chief Executive Officer and Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Cyrus Pun's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr. Robin C. Lee as the Non-Executive Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Robin C. Lee's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr. Vincent Chan as the Non-Executive Non-Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Vincent Chan's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Chief Executive Officer and Executive Director	Non-Executive Independent Director	Non-Executive Non-Independent Director
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> <li>• 1983 – Present Executive Chairman of Serge Pun &amp; Associates Myanmar Limited</li> <li>• 1991 – Present Executive Chairman of Serge Pun &amp; Associates (Myanmar) Limited</li> <li>• 1992 – Present Executive Chairman of First Myanmar Investment Public Company Limited</li> <li>• 2006 – Present Executive Chairman of Yoma Strategic Holdings Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• 1 February – Present Chief Executive Officer and Executive Director of Memories Group Limited</li> <li>• 2012 – 31 Jan 2019 Executive Director and Head of Real Estate of Yoma Strategic Holdings Ltd.</li> <li>• 2007-2012 Director, Development and Project Coordinator of SPA (Dalian) Development Co., Ltd., China) (a subsidiary of Yoma Strategic Holdings Ltd.)</li> </ul>	<ul style="list-style-type: none"> <li>• Dec 2018 – Present Chief Operating Officer, ASEAN Tat Hong Holdings Ltd</li> <li>• Oct 2013 – Oct 2018 Group Chief Operating Officer Bok Seng Group</li> <li>• Jan 2010 – Sep 2013 Senior Vice President and Managing Director LF Asia-Singapore (Owned by Li &amp; Fung Group) formerly knowns as IDS Group)</li> <li>• Nov 2006 - Dec 2009 LF Asia-Thailand (owned by Li &amp; Fung Group) Managing Director (Thailand and Senior Management Member of IDS Hong Kong Strategic Team</li> </ul>	<ul style="list-style-type: none"> <li>• Jan 2016 – Present Senior Managing Director of Samena Capital Hong Kong Ltd.</li> <li>• Nov 2007 – Dec 2015 Chief Executive Officer and Co-Founder of Spring Capital Hong Kong</li> </ul>
Shareholding interest in the listed issuer and its subsidiaries	Direct – 103,000 shares Deemed – 209,026,274 shares	-	-	-

# DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Persons	Serge Pun @ Theim Wai ("Mr. Serge Pun")	Pun Chi Yam Cyrus ("Mr. Cyrus Pun")	Lee Chye Beng Robin ("Mr. Robin C. Lee")	Chan Chun Hung Vincent ("Mr. Vincent Chan")
<b>Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries</b>	<p>Mr. Serge Pun holds in aggregate (both direct and deemed) (i) approximately 33.21% interests in Yoma Strategic Holdings Ltd. which owns the entire shareholding in Yoma Strategic Investments Ltd. ("YSIL"); and (ii) approximately 62.75% interests in First Myanmar Investment Public Company Ltd. ("FMI"). Thus, Mr. Serge Pun is deemed interested in the 167,078,848 and 41,947,426 shares in the Company held by YSIL and FMI respectively.</p> <p>As at the date of this Annual Report, YSIL and FMI are substantial shareholders of the Company.</p>	Son of Mr. Serge Pun, Executive Chairman of the Company.	No	Yes Mr. Vincent Chan represents the interests of Samena Mandalay Holdings which holds 28.08% shareholding in the Company.
<b>Conflict of interest (including any competing business)</b>	Nil	Nil	Nil	Nil
<b>Other Principal Commitments* Including Directorships#</b>				
<b>Past (for the last 5 years)</b>	<p>Directorships</p> <ul style="list-style-type: none"> <li>Asian Tower Holdings Pte. Limited</li> <li>Delight Result Limited</li> <li>Edotco Investments Singapore Pte. Ltd.</li> <li>Glory Merit Investments Ltd.</li> <li>Myanmar Coffee Company Pte. Ltd.</li> <li>Pandaw Myanmar Company Limited</li> <li>Pridetop Ltd.</li> <li>SGG Motor Services Limited</li> <li>Tol &amp; SPA Design Pte. Ltd.</li> <li>Yoma German Motors Limited</li> <li>Yoma Telecom Company Limited</li> </ul> <p>Principal Commitment: Nil</p>	<p>Directorships</p> <ul style="list-style-type: none"> <li>Pun Hlaing Lodge Hotel Management Limited</li> </ul> <p>Principal Commitment:- Head of Real Estate and Executive Director of Yoma Strategic Holdings Ltd. until January 2019</p>	<p>Principal Commitments:-</p> <ul style="list-style-type: none"> <li>Jan 2010 – Sep 2013 Senior Vice President and Managing Director LF Asia-Singapore (Owned by Li &amp; Fung Group) formerly knowns as IDS Group)</li> <li>Oct 2013 – Oct 2018 Group Chief Operating Officer Bok Seng Group</li> </ul>	<p>Directorships:-</p> <ul style="list-style-type: none"> <li>HKU SPACE</li> </ul> <p>Principal Commitment:- Chief Executive Officer and Co-Founder of Spring Capital Hong Kong</p>

# DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Persons	Serge Pun @ Theim Wai ("Mr. Serge Pun")	Pun Chi Yam Cyrus ("Mr. Cyrus Pun")	Lee Chye Beng Robin ("Mr. Robin C. Lee")	Chan Chun Hung Vincent ("Mr. Vincent Chan")
<b>Present</b>	<p>Principal Commitments:</p> <ul style="list-style-type: none"> <li>Executive Chairman of Yoma Strategic Holdings Ltd.</li> <li>Executive Chairman of First Myanmar Investment Public Company Limited</li> <li>Executive Chairman of Yoma Bank Limited</li> </ul> <p>Directorships:</p> <ul style="list-style-type: none"> <li>Access Myanmar Distribution Company Limited</li> <li>Chindwin Holdings Pte. Ltd.</li> <li>Chindwin Bagan Company Limited</li> <li>Chindwin Pindaya Company Limited</li> <li>Elite Matrix International Limited</li> <li>Lion Century Properties Limited</li> <li>MC-Jalux Airport Services Company Limited</li> <li>Meeyahta Development Limited</li> <li>Meeyahta International Hotel Limited</li> <li>Myfood Industries Myanmar Company Limited</li> <li>Peninsula Yangon Holdings Pte. Limited</li> <li>Peninsula Yangon Limited</li> <li>Plantation Resources Pte. Ltd.</li> <li>SPA Design Pte. Ltd.</li> <li>SPA Project Management Pte. Ltd.</li> </ul>	<p>Principal Commitment:</p> <p>Chief Executive Officer of Memories Group Limited.</p> <p>Directorships:</p> <ul style="list-style-type: none"> <li>BYMA Myanmar Limited</li> <li>BYMA Pte. Ltd.</li> <li>MC Elevator (Myanmar) Limited</li> <li>Meeyahta International Hotel Limited</li> <li>Meeyahta Development Limited</li> <li>Peninsula Yangon Holdings Pte. Limited</li> <li>Peninsula Yangon Limited</li> <li>Thanlyin Estate Development (Singapore) Pte. Ltd.</li> <li>XunXiang (Dalian) Enterprise Co., Ltd</li> <li>Yoma Development Group Pte. Ltd.</li> <li>Yoma Strategic Holdings Ltd.</li> <li>Yoma Strategic Investments Ltd.</li> <li>China Band Investments Limited</li> <li>JJ-Pun (S) Pte. Ltd.</li> <li>JJ-Pun Tiostone Company Limited</li> <li>New Business Holdings Limited</li> <li>Next Lead Holdings Limited</li> <li>Pinnacle Trade Holdings Limited</li> <li>Pun Holdings Investments Limited</li> <li>Pun Holdings Pte Ltd</li> <li>Rich Terrain Investments Limited</li> </ul>	<p>Principal Commitment:- <i>Dec 2018 – Present</i></p> <p>ASEAN Chief Operating Officer of Tat Hong Holdings Limited</p> <p>[Directorships: Nil]</p>	<p>Principal Commitment:- Senior Managing Director of Samena Capital Hong Kong Ltd.</p> <p>Directorships:</p> <ul style="list-style-type: none"> <li>Hong Kong Foundation for University of Manchester Ltd.</li> <li>Hong Kong Venture Capital and Private Equity Association Limited</li> <li>Internet Professional Association</li> <li>K&amp;L Win Investment Holding Company Ltd.</li> <li>Monte Jade Science &amp; Technology Association of Hong Kong Ltd.</li> <li>Samena Capital</li> <li>Samena Capital Hong Kong Ltd.</li> <li>Samena General Partner II Ltd</li> <li>Samena General Partner III Ltd.</li> <li>Samena Groceries Holdings</li> <li>Samena Healthcare Holdings</li> <li>Samena Mandalay Holdings</li> <li>Samena School Holdings</li> <li>Shanghai Insuring Polymer Material Company Ltd.</li> <li>Spring Capital Asia Fund GP, Ltd.</li> <li>The Hong Kong Independent Non-Executive Director Association Ltd.</li> </ul>

# DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Persons	Serge Pun @ Theim Wai ("Mr. Serge Pun")	Pun Chi Yam Cyrus ("Mr. Cyrus Pun")	Lee Chye Beng Robin ("Mr. Robin C. Lee")	Chan Chun Hung Vincent ("Mr. Vincent Chan")
	<ul style="list-style-type: none"> <li>• SPA Project Management Services Limited</li> <li>• Star City International School Company Limited</li> <li>• Summit Brands Restaurant Group Company Limited</li> <li>• Thanlyin Estate Development Limited</li> <li>• Vehicle Lease Management Limited</li> <li>• Wayville Investments Limited</li> <li>• Wyndale International Limited</li> <li>• XunXiang (Dalian) Enterprise Co., Ltd.</li> <li>• Yoma Agriculture Company Limited</li> <li>• Yoma Development Group Limited</li> <li>• Yoma Development Group Pte. Ltd.</li> <li>• Yoma Fleet Limited</li> <li>• Yoma Leasing Company Limited</li> <li>• Yoma Nominee Limited</li> <li>• Yoma Strategic Holdings Ltd.</li> <li>• Yoma Strategic Investments Ltd.</li> <li>• Yoma Venture Company Limited</li> <li>• Allied Win Group Ltd.</li> <li>• Billionmate Limited</li> <li>• Brilliant Vision Ltd.</li> <li>• Brother's Investment Limited</li> <li>• China Band Investments Limited</li> <li>• Classic Delight Holdings Limited</li> <li>• Craneforth Ltd.</li> <li>• Delight Result Limited</li> <li>• Emerald Lion Ltd.</li> <li>• FMI Industrial Investment Company Limited</li> <li>• Glory Merit Investments Ltd.</li> <li>• Good Advice Service Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Serge Pun &amp; Associates (Myanmar) Limited</li> <li>• Vanson Development Limited</li> <li>• Memories Group Limited</li> <li>• Asia Holidays Travels &amp; Tours Company Limited</li> <li>• Burma Boating Pte. Ltd.</li> <li>• Burma Boating Company Limited</li> <li>• Chindwin Investments Limited</li> <li>• Hpa An Traditional Lodge Limited</li> <li>• Keinara Loikaw Company Limited</li> <li>• MM (BL) Pte. Ltd.</li> <li>• MM (BOB) Pte. Ltd.</li> <li>• MM (DMC) Pte. Ltd.</li> <li>• MM (HAL) Pte. Ltd.</li> <li>• MM (PHL) Pte. Ltd.</li> <li>• MM Myanmar Pte. Ltd.</li> <li>• Mokaan (S) Pte. Ltd.</li> <li>• Pun Hlaing Lodge Hotel Management Limited</li> <li>• Riverside Bagan Limited</li> <li>• Shwe Lay Ta Gun Travels and Tours Company Limited</li> <li>• SM Asset Holdings Pte. Ltd.</li> <li>• SM Mawlamyaing Pte. Ltd.</li> <li>• Traditional Lodge Hotel Company Limited</li> <li>• Rokon Group Limited</li> <li>• Genlab Holdings Pte Ltd</li> <li>• Myanmar Hong Kong Chamber of Commerce and Industry Incorporated</li> </ul>	<ul style="list-style-type: none"> <li>• Virtus Medical Holdings Ltd.</li> <li>• Wheel Fortune Invests Ltd.</li> </ul>	

# DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Persons	Serge Pun @ Theim Wai ("Mr. Serge Pun")	Pun Chi Yam Cyrus ("Mr. Cyrus Pun")	Lee Chye Beng Robin ("Mr. Robin C. Lee")	Chan Chun Hung Vincent ("Mr. Vincent Chan")
	<ul style="list-style-type: none"> <li>• JJ-Pun (S) Pte. Ltd.</li> <li>• JJ-Pun Trading Company Limited</li> <li>• Kawthaung Hill Investment Limited</li> <li>• Kawthaung Water Investment Limited</li> <li>• Le Planteur Company Limited</li> <li>• Le Planteur Inya Lake Company Limited</li> <li>• Mount Davis Properties Limited</li> <li>• New Business Holdings Limited</li> <li>• Next Lead Holdings Limited</li> <li>• Pinnacle Trade Holdings Limited</li> <li>• Power East Investments Limited</li> <li>• SBA Company Limited</li> <li>• SPA Aviation Holdings Limited</li> <li>• Prime Estate Developments Ltd.</li> <li>• Pun Holdings Investments Ltd.</li> <li>• Pun Holdings Pte. Ltd.</li> <li>• Rich Terrain Investments Ltd.</li> <li>• Serge Pun &amp; Associates (Hong Kong) Limited</li> <li>• Serge Pun &amp; Associates (Myanmar) Ltd.</li> <li>• Serge Pun &amp; Associates Investment Company Limited</li> <li>• Serge Pun and Associates Limited</li> <li>• Silverfair Development Limited</li> <li>• Slatford Company Limited</li> <li>• SPA International Ltd.</li> <li>• SPA Management Consultants Ltd.</li> </ul>			

# DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Persons	Serge Pun @ Theim Wai ("Mr. Serge Pun")	Pun Chi Yam Cyrus ("Mr. Cyrus Pun")	Lee Chye Beng Robin ("Mr. Robin C. Lee")	Chan Chun Hung Vincent ("Mr. Vincent Chan")
	<ul style="list-style-type: none"> <li>• SPA Project Management (Hong Kong) Limited</li> <li>• SPA Syndication Management Limited</li> <li>• SPAL (Nominees) Limited</li> <li>• SPAL Management Limited</li> <li>• Superpart Ltd.</li> <li>• Top Luck Capital Investment Limited</li> <li>• Vanson Development Limited</li> <li>• Vasting Limited</li> <li>• Village Gardens (Management) Limited</li> <li>• Yoma Myittar Development Co., Ltd.</li> <li>• 7 Focus Investment Limited</li> <li>• First Myanmar Investment Public Company Limited</li> <li>• FMI Air Leasing Company Pte. Ltd.</li> <li>• FMI Air Limited</li> <li>• FMI Development Group Limited</li> <li>• FMI Garden Development Limited</li> <li>• FMI Pearl City Development Limited</li> <li>• FMI Riverside Development Limited</li> <li>• FMI Syndication Limited</li> <li>• Myanmar Dairy Nutrition Company Limited</li> <li>• Myanmar Milk Farm Company Limited</li> <li>• Pun Hlaing Capital Company Limited</li> <li>• Pun Hlaing International Hospital Limited</li> <li>• Pun Hlaing Links Services Company Limited</li> </ul>			

# DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Persons	Serge Pun @ Theim Wai ("Mr. Serge Pun")	Pun Chi Yam Cyrus ("Mr. Cyrus Pun")	Lee Chye Beng Robin ("Mr. Robin C. Lee")	Chan Chun Hung Vincent ("Mr. Vincent Chan")
	<ul style="list-style-type: none"> <li>• Pun Plus Projects Limited</li> <li>• SPA Assets Management Limited</li> <li>• Taunggyi Hospital Asset Limited</li> <li>• Yangon Land Company Limited</li> <li>• Yangon Nominees Limited</li> <li>• Yoma Bank Limited</li> <li>• Yoma Siloam Hospital Pun Hlaing Limited</li> <li>• Yoma Thitsar Commercial Company Limited</li> <li>• Memories Group Limited</li> <li>• Burma Boating Pte. Ltd.</li> <li>• Burma Boating Company Limited</li> <li>• Chindwin Investments Limited</li> <li>• MM (BL) Pte. Ltd.</li> <li>• MM (BOB) Pte. Ltd.</li> <li>• MM (DMC) Pte. Ltd.</li> <li>• MM (HAL) Pte. Ltd.</li> <li>• MM (PHL) Pte. Ltd.</li> <li>• MM Myanmar Pte. Ltd.</li> <li>• Pun Hlaing Lodge Hotel Management Limited</li> <li>• Shwe Lay Ta Gun Travels and Tours Company Limited</li> <li>• New Yangon Development Company Limited</li> </ul>			

Key information on these Directors, including their dates of first appointment, dates of last re-election and academic/ professional qualification, can be found in the "Board of Directors" section of this Annual Report. There are no changes to the disclosure required under items (a) to (k) to the Appendix 7F of the Catalist Rules as provided in the Company's Previous Announcements of the respective Directors.

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**PROXY FORM**  
**ANNUAL GENERAL MEETING**

**IMPORTANT:**

1. Relevant intermediaries as defined in Section 181 of the Companies Act (Cap. 50) of Singapore may appoint more than two proxies to attend and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy Memories Group Limited's shares, this Annual Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SES investors should contact their Agent Banks if they have any queries regarding their appointment as proxies.

**PERSONAL DATA PRIVACY**

4. By submitting an instrument appointing proxy or proxies and/or representative(s), a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 July 2019.

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No.)  
of \_\_\_\_\_ (Address)  
being a \*member/members of MEMORIES GROUP LIMITED (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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or failing whom, the Chairman of the Annual General Meeting (the "AGM") as \*my/our \*proxy/proxies to attend, speak and vote on \*my/our behalf at the AGM to be held at The Connection 4 Room, The Amara Hotel, 165 Tanjong Pagar Road Singapore 088539 on 23 July 2019 at 2 p.m., and at any adjournment thereof in the following manner as specified below. \*My/our \*proxy/proxies may vote or abstain from voting at \*his/their discretion on any of the resolutions where \*I/we have not specified any voting instruction, and on any other matter arising at the AGM.

**NOTE:** If you wish to exercise 100% of your votes **For** or **Against** a resolution, please tick with "✓" in the corresponding box against that resolution. If you wish to split your votes, please indicate the number of votes **For** and/or **Against** that resolution.

No.	Resolutions	For	Against
<b>A</b>	<b>ORDINARY RESOLUTIONS</b>		
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2019 and the Independent Auditor's Report		
2	Approval of Directors' fees for the financial year ending 31 March 2020, payable quarterly in arrears		
3	Re-election of Mr. Serge Pun @ Theim Wai as a Director of the Company		
4	Re-election of Mr. Pun Chi Yam Cyrus as a Director of the Company		
5	Re-election of Mr. Lee Chye Beng Robin as a Director of the Company		
6	Re-election of Mr. Chan Chun Hung Vincent as a Director of the Company		
7	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditor of the Company and to authorise the Directors to fix their remuneration		
<b>B</b>	<b>SPECIAL BUSINESS</b>		
8	Authority to issue and allot shares pursuant to the share issue mandate		
9	Renewal of the Shareholders' Mandate for Interested Persons Transactions		
10	Authority to issue and allot shares pursuant to the Memories PSP		

\*Delete accordingly.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal

Total Number of Shares held in :	Number of Shares
CDP Register	
Register of Members	

**NOTES:**

- 1 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the annual general meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the 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 proxies to attend, speak and vote at the annual general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act (Cap 50) of Singapore.

- 2 A proxy need not be a member of the Company.
- 3 Please insert the total number of shares held by you. If you have entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap 289)), you should insert that number of shares. If you have shares registered in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by you.

*Fold along dotted lines*

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Affix  
Postage  
Stamp

**The Company Secretary**  
**Memories Group Limited**  
78 Shenton Way  
#32-00  
Singapore 079120

*Fold along dotted lines*

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- 4 This form of proxy must be signed by the appointor or his attorney duly authorized in writing. Where the form of proxy 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. The power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority shall be lodged with the form of proxy, failing which, the person so named shall not be entitled to vote in respect thereof.
- 5 A corporation which is a member may be authorised by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the annual general meeting in accordance with its Constitution and Section 179 of the Companies Act (Cap. 50) of Singapore.
- 6 Completion and return of this form of proxy shall not preclude a member from attending and voting at the annual general meeting. Any appointment or a proxy or proxies shall be deemed to be revoked if a member attends the annual general meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this form of proxy to the annual general meeting.
- 7 This form of proxy must be deposited at the Company's registered office at 78 Shenton Way, #32-00, Singapore 079120, not less than forty-eight (48) hours before the time set for the annual general meeting.
- 8 The Company shall be entitled to reject the form of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the form of proxy (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any form of proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time set for holding the annual general meeting, as certified by the Central Depository (Pte) Limited to the Company.





*ENCHANT*  
*ENTHRAL*  
*ENRAPTURE*

MEMORIES GROUP LIMITED  
ANNUAL REPORT 2019



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