



MEMORIES GROUP LIMITED

ANNUAL REPORT 2020



Memories
GROUP

MEMORIES GROUP LIMITED

**ENHANCING
STRENGTHS
ENTRENCHING
RESILIENCE**

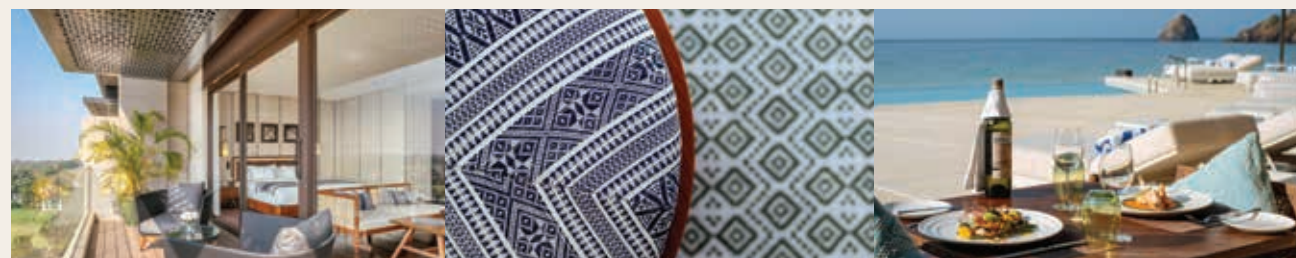
ANNUAL REPORT 2020



Memories
GROUP

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SINGAPORE 239002
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This Annual Report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms. Gillian Goh, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Serge Pun @ Theim Wai
(Executive Chairman)

Mr. Pun Chi Yam Cyrus
(Chief Executive Officer and Executive Director)

Mr. Tun Tun
(Non-Executive Non-Independent Director)

Mr. Basil Chan
(Lead Independent Director)

Mr. Robin Lee Chye Beng
(Non-Executive Independent Director)

Mr. Vincent Chan Chun Hung
(Non-Executive Non-Independent Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

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

NOMINATING COMMITTEE

Mr. Basil Chan (Chairman)
Mr. Robin Lee Chye Beng
Mr. Serge Pun @ Theim Wai

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

Ms. Loo Hwee Fang
Ms. Helena Chua Guat Huat

COMPANY REGISTRATION NUMBER

201201631D

REGISTERED OFFICE

63 Mohamed Sultan Road
#02-14 Sultan-Link
Singapore 239002
Tel : (65) 6223 2262
Fax : (65) 6223 1990
www.memoriesgroup.com

REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel : (65) 6593 4848
Fax : (65) 6593 4847

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
80 Robinson Road
#25-00
Singapore 068898

Ms. Meriana Ang Mei Ling

Director-in-charge
(Appointed with effect from
financial year ended 31 March 2018)

PRINCIPAL BANKER OF MEMORIES GROUP

DBS Bank Ltd
12 Marina Boulevard
Level 3, Marina Bay
Financial Centre Tower 3
Singapore 018982

CORPORATE PROFILE

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

Memories Group is affiliated with 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 local 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.**

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.

HOTELS



EXPERIENCES



SERVICES



MYANMAR

A map of Myanmar is centered on the page, rendered in a golden-brown, textured style. The map is overlaid with a light blue wavy pattern. Several locations are marked with red location pins and labeled: BAGAN, INLE LAKE, LOIKAW, HPA-AN, YANGON, MAWLAMYAING, and MERGUI ARCHIPELAGO. Dashed lines connect these labels to corresponding photographs. The photos include: hot air balloons (top left and top right), a wooden cabin in a forest (middle left), a swimming pool with lounge chairs (middle right), a modern building (bottom left), a sunset over pagodas (bottom left-center), a modern building at night (bottom right), a sailboat on a lake (bottom center), and a hotel room interior (bottom right).

BAGAN

INLE LAKE

LOIKAW

HPA-AN

YANGON

MAWLAMYAING

MERGUI ARCHIPELAGO

BUSINESS SEGMENTS
HOTELS

**EXPERIENCE INCREDIBLE MYANMAR
HOSPITALITY AMIDST MODERN COMFORTS**



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 relaxation.



AWEI METTA

Opened in 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 chic, urban 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, a bar and spa services. The resort organises trekking expeditions, cooking classes, cruises to explore the vast sea, water activities and scuba diving.

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

BUSINESS SEGMENTS

HOTELS

THE KEINNARA COLLECTION

The Keinnara Collection includes Keinnara Hpa-An and Keinnara Loikaw, a selection of eco-lodges showcasing the best of responsible tourism that respects its environment, its people and its 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, Kayin State. The private cottages provide panoramic views of Mount Zwe Kabin from the balcony.

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

KEINNARA LOIKAW

Keinnara Loikaw is a 26-key eco-lodge set in a lush garden sanctuary, providing guests with a chance to reconnect with nature and authentic cultural experiences. Modern facilities include a swimming pool, a restaurant, a bar and a 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 2019, Hotel Suggati Mawlamyaing is a 72-room urban hotel that brings new vitality to the hotel scene in Mawlamyaing, Myanmar's fourth largest city. Strategically located, the five-storey hotel overlooks the scenic Than Lwin River and caters for the business travellers with its meeting amenities.



BUSINESS SEGMENTS EXPERIENCES

DISCOVER MYANMAR'S ENCHANTING BEAUTY

BALLOONS OVER BAGAN & BALLOONS OVER INLE

Long considered an iconic Myanmar tourism experience, Balloons Over Bagan's famous burgundy balloons have been offering tourists a unique perspective on Myanmar and its people for the past 20 years. With 14 balloons now flying over Bagan and Inle, Memories Group is the largest commercial hot-air balloon operator in Myanmar.

Floating over Bagan's thousands of pagodas, temples and stupas at sunrise, Balloons Over Bagan has been offering one of Myanmar's most famous tourism experiences since 1999. Similarly, Balloons Over Inle provides daily early morning flights over Inle Lake, with views of the breath-taking Shan Yoma mountains and surrounding countryside from the enchanting platform of a hot-air balloon basket.

During the past years, the balloons business also experimented with test flights over Loikaw in Kayah state and Hpa-An in Kayin state. Along with our existing locations of Bagan and Inle, Loikaw boasts some of Myanmar's most astonishing natural beauty and cultural diversity, as our balloons fly above fields awash with colour, with swathes of green and yellow against brilliant blue skies.

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



BUSINESS SEGMENTS EXPERIENCES

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 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.

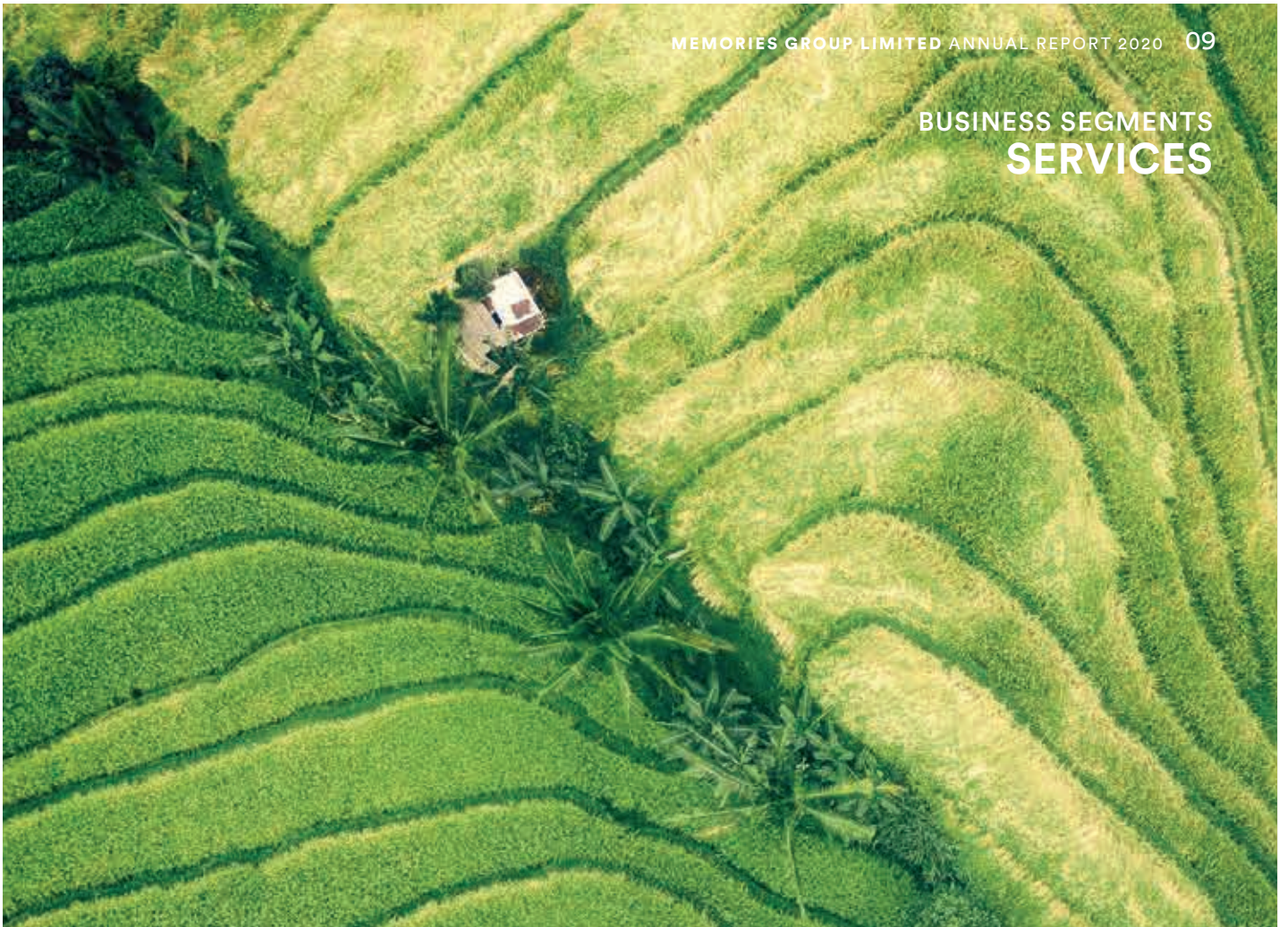
Visitors typically spend up to a week exploring the islands, basking under the sun and cooling off in the clear blue waters of the Andaman Sea.

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 Traveller, Travel+Leisure, Condé Nast Traveller and DestinAsian.



BUSINESS SEGMENTS
SERVICES



**BUSINESS SEGMENTS
SERVICES****CAPTIVATE HEARTS, CREATE MEMORIES****MEMORIES TRAVEL**

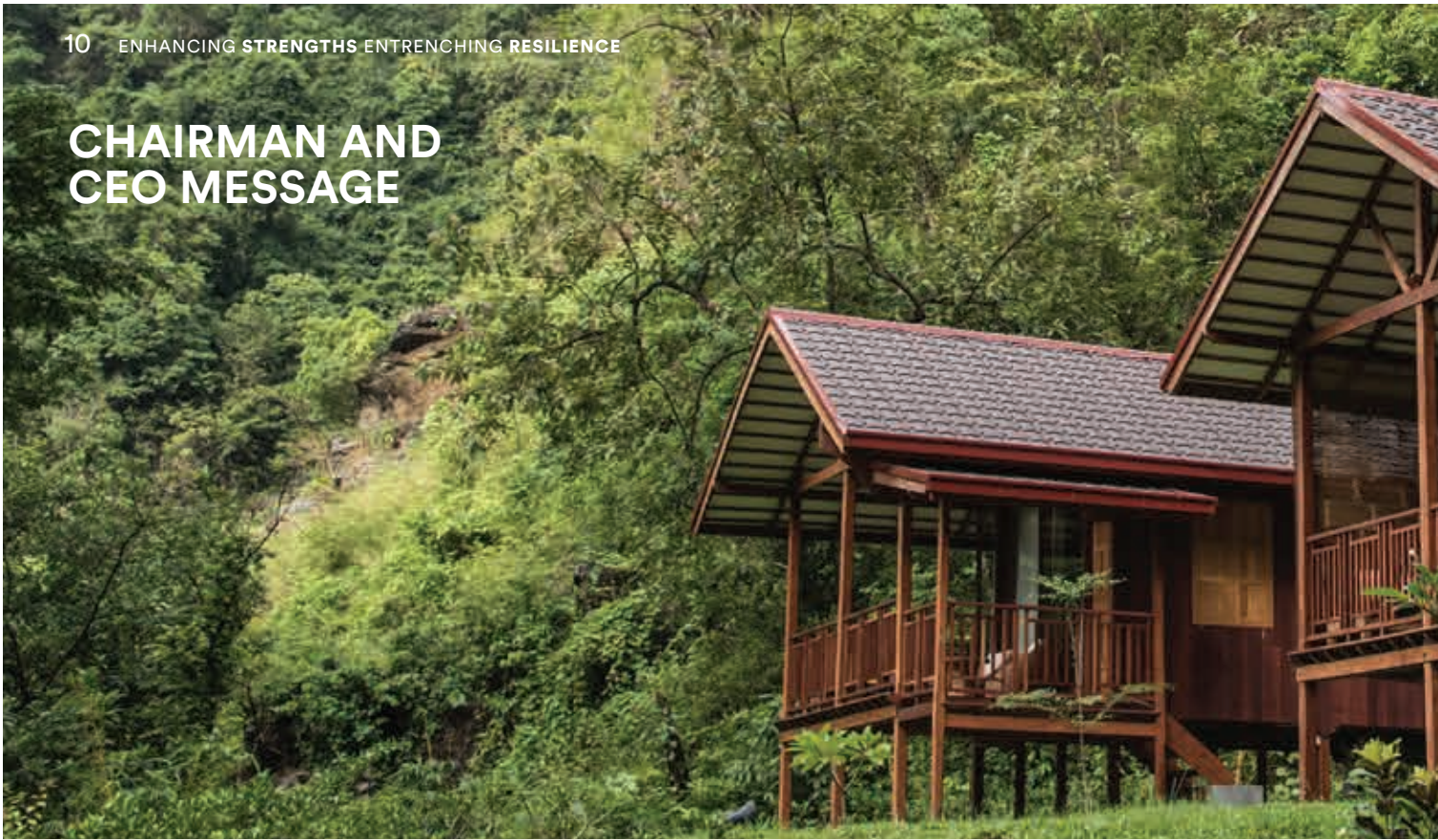
Memories Group's Services segment comprises curated events, travel and destination management. It creates itineraries to explore new locations in regions previously unfamiliar to international travellers. Memories Travel provides full-scale and personalised tour services including designing and organising fully customised itineraries and tour packages for agencies and individuals, as well as customising unique excursions, activities and cultural experiences for travellers. With in-depth knowledge of the local landscape and global experience in hospitality, Memories Travel is committed to ensuring that every detail of an itinerary, from transportation logistics, cultural experiences to recreational activities, is handled with care and attention so that its customers can fully immerse themselves and truly experience the Burmese way of life.

A sub-brand of Memories Travel, inspired by the Myanmar word (Kha Yee: noun- travel, trip, journey), 'Karee', specialises and delivers bespoke reimagined Business to Business Travel and Events experiences in Myanmar. Karee is a full-service travel and events solutions provider that specialises in imaginative experiences. Lead by a team of travel and events professionals, Karee is committed to push boundaries to provide a personalised feel in its services and deliver unparalleled local touch.

MEMORIES F&B MANAGEMENT

Memories Group has also ventured into new food and beverage ("F&B") outlets and restaurant management services, overseen by its F&B management team. Memories Group sees notable synergies in customer base and operating cost between these new F&B outlets and Memories Group's existing and future F&B operations.

CHAIRMAN AND CEO MESSAGE



DEAR SHAREHOLDERS,

Year 2020 has been a disruptive one for everyone, especially for the tourism industry. The Covid-19 pandemic has caused an unprecedented crisis for the tourism industry with international tourism falling by 70% for the first eight months of 2020 as a result of restrictions on travel in response to the Covid-19 pandemic.¹

No country has been spared from the impact of the Covid-19 pandemic. Since end-March, the Myanmar government authorities have stopped all international flights in and out of the country except for scheduled relief flights. Fortunately, for a few months, we were able to channel our efforts to domestic travel.

As with any crisis, a silver lining is never too far from the surface. With restrictions from traveling overseas, pent-up demand from Myanmar residents have fueled a new enthusiasm for domestic tourism that will likely have a lasting impact. The Group took the opportunity to refocus our marketing efforts and re-package our offerings to adapt to the changing market. Our series of “flash sales” and staycation packages were major successes as we gained significant brand recognition in the domestic market and as occupancy of our hotels skyrocketed in the third quarter of 2020 when the first lockdown was lifted. The June to August period is traditionally not a peak season due to the monsoon. However, things were different this year as a result of the Covid-19 pandemic. It was a sparkle of light during a very challenging period all round and showcased the potential of domestic tourism.

It wasn't a smooth sailing. Myanmar is experiencing a second wave of Covid-19 since September with rapid increase in the number of Covid-19 cases and the country entered into another lock-down. This has put a major dent in domestic tourism travel especially during the peak season.

A key thing that Covid-19 pandemic has done for our business is that it has compelled us to think again about what we are doing; how we can improve, particularly in some areas where competition for new customers is prevalent and the threat of survival is real. All these have prompted us to think thoroughly

¹ <https://www.unwto.org/news/international-tourism-down-70-as-travel-restrictions-impact-all-regions>, as at 14 December 2020.

CHAIRMAN AND CEO MESSAGE

“OUR MISSION IS TO BE THE FIRST CHOICE IN CREATING WARM AND GENUINE MEMORIES OF MYANMAR AND BEYOND.”

to take decisive actions, to execute quickly and be innovative on finding ways to increase revenues. This is very gratifying as we fare strongly to stay atop in the competition.

Despite the stresses brought on by the Covid-19 pandemic and lives being turned upside-down across the world, it has been inspiring to see our people come through so strongly. We have witnessed incredible unity and acts of mutual support across the Group, all of which have made a real difference.

LOOKING AT THE NUMBERS

This financial year marks a transition set by the Myanmar government authorities for a new financial year starting from 1 October and ending on 30 September. This Annual Report will cover an 18-month financial period ended on 30 September 2020 (“FP 2020”).

During FP 2020, the Group continued to focus on developing our brands. The team geared up on finding innovative solutions to increase the performance of our Hotels segment and Services segment.

For FP 2020, the Hotels segment contributed US\$3.30 million or 31.32% to the total revenue of the Group. The Experiences segment contributed US\$5.46 million or 51.88% to the total revenue of the Group. Both the Balloons over Bagan and the Burma Boating businesses were only partially impacted by the first Covid-19 lockdown as both businesses do not operate during the rainy season. The Services segment was most impacted by the closure of Myanmar to international tourism and hence, only contributing US\$1.76 million or 16.80% of the total revenue of the Group.

CELEBRATE THE WINS AND THE FIRSTS

We had many things to be thankful for and a few good celebrations in 2020.

We entered into the year with the celebration of the 20th Anniversary of Balloons over Bagan in operations. Over the last two decades, Balloons over Bagan made over 17,000 flights, carrying more than 100,000 passengers with a 100% safety rate. We also started our first Balloons operations in Loikaw, the capital city of Kayah State in January 2020.

CHAIRMAN AND CEO MESSAGE

“THE GROUP WILL CONTINUE TO FOCUS ON DEVELOPING OUR BRANDS. THE TEAM WILL GEAR UP ON FINDING INNOVATIVE SOLUTIONS TO INCREASE THE PERFORMANCE OF HOTELS, EXPERIENCES AND SERVICES SEGMENTS”



CHAIRMAN AND CEO MESSAGE

The Group also bagged a few awards in 2020. Our flagship hotel, Awei Metta, received the Gold Prize for the “Best Resort Hotel Development” at the 2019 Myanmar National Real Estate Awards, while Awei Pila, Keinnara Hpa-An and Keinnara Loikaw received the “Traveller’s Choice” award from Tripadvisor.

We also created our “CleanPledge” label by partnering with Diversey®. With 97 years of expertise in hygiene and sanitisation services, Diversey® is an international leader in providing smart sustainable solutions for cleaning and hygiene in the hospitality industry (www.diversey.com).

THE ROAD TO RECOVERY

We are confident that as soon as the Covid-19 pandemic comes under control and the situation in the country stabilises, domestic tourism will come back strong. There is pent-up demand for travel, but the tourism industry may take two steps forward and one step back on its path to recovery.

We will also likely see a return to a much more mindful travel where leisure and business travel does not happen on a whim. Travelers are likely to want more customised travel plans and will be more discerning about where they stay and their travel itinerary. In certain ways, our core competences will serve us well to accommodate these evolving trends.

We have created a new brand “Karee” to focus on customised group events and travel and we have also reoriented Memories Travel’s operations plan to focus on the local domestic travel market. The Group also established a new F&B Division to enhance our F&B offerings across the Group. We have created a few pop-up concepts and regular events at Awei Metta which has helped to drive sales. While new projects are still taken into consideration, we will not forget to grow our business and reach, with a new focus on creating partnerships and developing the infrastructure on Kyun Pila.

TOURISM WILL BE BACK

Year 2020 has been a roller coaster ride, not just for us, but many companies. We were all under an immense amount of pressure brought about by Covid-19 restrictions. However, we are still bullish on the long-term potential of our tourism business and on the tourism industry.

Our optimism in tourism is based on a fundamental rationale. Over the past decade, travel is being increasingly regarded as a way of life for many and not just a luxury that few can enjoy. Pent-up demand is apparent in all travel sectors. So, the tourism business will change but it will not wither and in time, the international tourism business will revive even if it takes on a different form.

The key is whether we will be ready when the domestic tourism resumes, and when Myanmar opens its door for international travelers. Are we ready for the new “norm” of traveling?

The Group is ready for when the doors are reopened to tourism. The Myanmar government authorities have created a “Tourism Relief Plan” that is spearheaded by the Ministry of Hotels and Tourism. It consists of three phases starting in April 2020 to January 2021 with a clear goal of reigniting local and international tourism in Myanmar.

We are extremely grateful to our investors and shareholders for their continued support and trust. During this difficult and challenging period, they have stood by us and supported us through the tough changes we have had to implement in order for us to grow stronger.

A very special appreciation to all our staff; many have gone above and beyond their call of duty and responsibilities to help ensure the survival of the Group during the very tough months of lock down and uncertainties.

We have faith in the future and see this pandemic as a test of resilience and grit. We are encouraged by everyone’s efforts and we believe we will overcome this storm together and come out stronger.

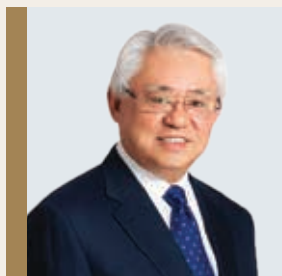
SERGE PUN

Executive Chairman

CYRUS PUN

Chief Executive Officer

BOARD OF DIRECTORS



MR. SERGE PUN @ THEIM WAI | EXECUTIVE CHAIRMAN

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

Present Directorships in other 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 Co. Ltd.

Present Principal Commitments:

- (i) Executive Chairman of Yoma Strategic Holdings Ltd.
- (ii) Executive Chairman of Memories Group Limited
- (iii) Executive Chairman of First Myanmar Investment Public Company Limited
- (iv) Executive Chairman of Yoma Bank Limited
- (v) Chief Executive Officer of New Yangon Development Public Company Limited

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

Education and Achievements: Awarded the special honour of being selected as one of the 65 outstanding Overseas Chinese Models worldwide to feature on a series of commemorative postage stamps celebrating the 65th anniversary of the People's Republic of China (2014). Awarded the special honor of being selected as one of the 70 outstanding Overseas Chinese Models worldwide to feature on a series of commemorative postage stamps celebrating the 70th anniversary of the People's Republic of China.

Date of Appointment: 26 December 2017

Last Re-elected: 23 July 2019

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 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, and in 2016, FMI became the first company to list on the YSX.

Mr. Pun is a standing member of the Chinese People's Political Consultative Conference of Dalian and a member of the Asia Business Council. He is the Chair of the International Advisory Board of Singapore Management University for Myanmar and served as an Honorary Business Representative for Myanmar of International Enterprise Singapore from 2004 till 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 other listed companies (as at the date of this annual report): Yoma Strategic Holdings Ltd.

Present Principal Commitment: Chief Executive Officer of Memories Group Limited

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

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

Date of Appointment: 1 February 2019

Last Re-elected: 23 July 2019

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 real estate 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 Non-Independent 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 other listed companies (as at the date of this annual report): First Myanmar Investment Public Company Limited, Myanmar Thilawa SEZ Holdings Public Co. Ltd. (Alternate Director to Mr. Serge Pun @ Theim Wai)

Present Principal Commitment: Executive Director and Chief Operating Officer of First Myanmar Investment Public Company 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), Master of Business Administration, National University of Singapore

Date of Appointment: 26 December 2017

Last Re-elected: 25 July 2018

Mr. Tun Tun has been with the SPA and FMI 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 FMI's subsidiaries and joint ventures.

Mr. Tun Tun holds a Master of Business Administration degree from the National University of Singapore. He is also 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 other listed companies (as at the date of this annual report): AEM Holdings Limited, Grand Banks Yachts Limited, Broadway Industrial Group Limited, Nera Telecommunications Ltd.

Present Principal Commitment: Founder and Managing Director of MBE Corporate Advisory Pte. Ltd.

Past Directorships in listed companies held over the preceding 3 years: Global Invacom Group Limited

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 (ICAEW), Fellow of The Institute of Singapore Chartered Accountants (ISCA), 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 37 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 also previously sat 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 other listed companies (as at the date of this annual report): Nil

Present Principal Commitment: 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: 23 July 2019

Mr. Robin C. Lee has more than 30 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 took on various management roles in organisations such as Tat Hong Holdings Limited, 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 other listed companies (as at the date of this annual report): CN Logistics International Holdings Limited, Evergrande Property Services Group Limited

Present Principal Commitment: Senior Managing Director of Samena Capital Hong Kong Ltd.

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: 23 July 2019

Mr. Vincent Chan is a Senior Managing Director and Head of Asia for Samena Capital Hong Kong Limited (Samena Capital). Samena Capital¹ 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 founder 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 has been a member of the Listing Review Committees of the Hong Kong Stock Exchange from July 2020 onwards. He is the President of the Hong Kong Venture Capital and Private Equity Association (holding Chairmanship from 2005 to 2006).

¹Samena Capital has approximately US\$800 million of assets under management as in December 2020.

KEY PERSONNEL

MR. SERGE PUN @ THEIM WAI | EXECUTIVE CHAIRMAN

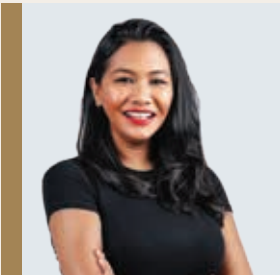
MR. CYRUS PUN | CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

AYE THANDAR | DIRECTOR OF SALES



Raised and educated in Yangon, Aye Thandar started her career over 20 years ago developing and strengthening premium and exclusive leisure products in the hospitality industry. Prior to joining Memories Group, Aye Thandar worked with DPS@ Design Printing Service, Myanmar Net and Win Win War Co. Ltd, focusing on marketing complimentary tourist maps of Myanmar and promoting services to tourism operators. Her strong hotel sales background took root at the Inle Lake View Resort. The tenure also gave her the opportunity to understand both back and front-of-the-house operations. She worked with Htoo Hospitality for 11 years and played a key role at Aureum Palace Hotels & Resorts and Myanmar Treasure Resorts. Aye Thandar then joined Asia Holidays Travels and Keinnara Hpa-An. She played a key role in Memories Group's listing on the Catalist of the SGX-ST.

MAY OO | HEAD OF MARKETING



Prior to joining Memories Group, May Oo worked as the Head of Communication and Marketing at Yoma Bank Limited, a financial service affiliate of FMI and Yoma Strategic. She has 11 years' experience in Marketing, Digital Marketing, Communications, and International Business to Business and Business to Consumer experience in North America and Myanmar. May Oo is a candidate of the Master of Business Administration Executive Program from National University Singapore (NUS). She holds a Bachelor of Arts in Communications from California State University, Fullerton (CSUF) with concentration in Public Relations and minor in Business Administration; and is alumna of University of California Los Angeles (UCLA) Extension Program: Marketing Certificate earned with distinction. May Oo also serves as an executive council member of the Diversity Council for Yoma Strategic.

MYITZU HNIN | HEAD OF HUMAN RESOURCES



Myitzu Hnin 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 is not only responsible for training hotel staff, but also in overseeing the hotel's quality improvement. Over the years, Myitzu Hnin gained experience in overseas vocations as well as in other global brand organisations. She actively participates in panel discussions for human resources forums and participates as a guest speaker at various hospitality institutes.

KEY PERSONNEL



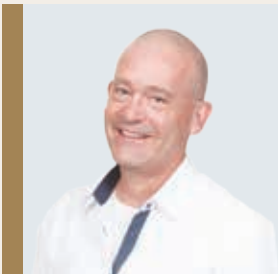
MYO MYINT AUNG | GROUP FINANCIAL CONTROLLER

Myo Myint Aung is currently the Financial Controller of Memories Group. Prior to joining Memories Group, he worked as Head of Finance for Myanmar Thilawa SEZ Holdings Public Co. Ltd. (MTSH) and was the Chief Financial Officer of Myanmar Japan Thilawa Limited (MJTD), where he oversaw the financial and accounting operations, budgeting, cash management, tax, corporate reporting and compliance, and internal controls of both MTSH and MJTD. He has over 10 years of experience in the finance and accounting field. He holds a bachelor's degree in Applied Accounting from Oxford Brookes University. He is a member of the Institute of Singapore Chartered Accountants (ISCA) and a Fellow of the Association of Chartered Certified Accountants (ACCA).



PHILIPPE ECKERT | FOOD AND BEVERAGE DIRECTOR

Philippe Eckert started his career in Food and Beverage almost 20 years ago training as a waiter. He then worked in different hotels and restaurants in Switzerland for several years. While studying at the Hotel Management School Lucerne (SHL), he had his first work experiences abroad in Hong Kong and Dubai. After graduating he moved to Jordan where he worked for Mövenpick Hotels as Assistant F&B Manager and later as F&B Manager in Singapore. He has been living in Myanmar since 2013, and for the last three years and prior to joining Memories Group, Philippe worked as Food and Beverage Director at Pun+ Projects.



TORSTEN EDENS | SENIOR VICE-PRESIDENT FOR THE TRAVEL SEGMENT

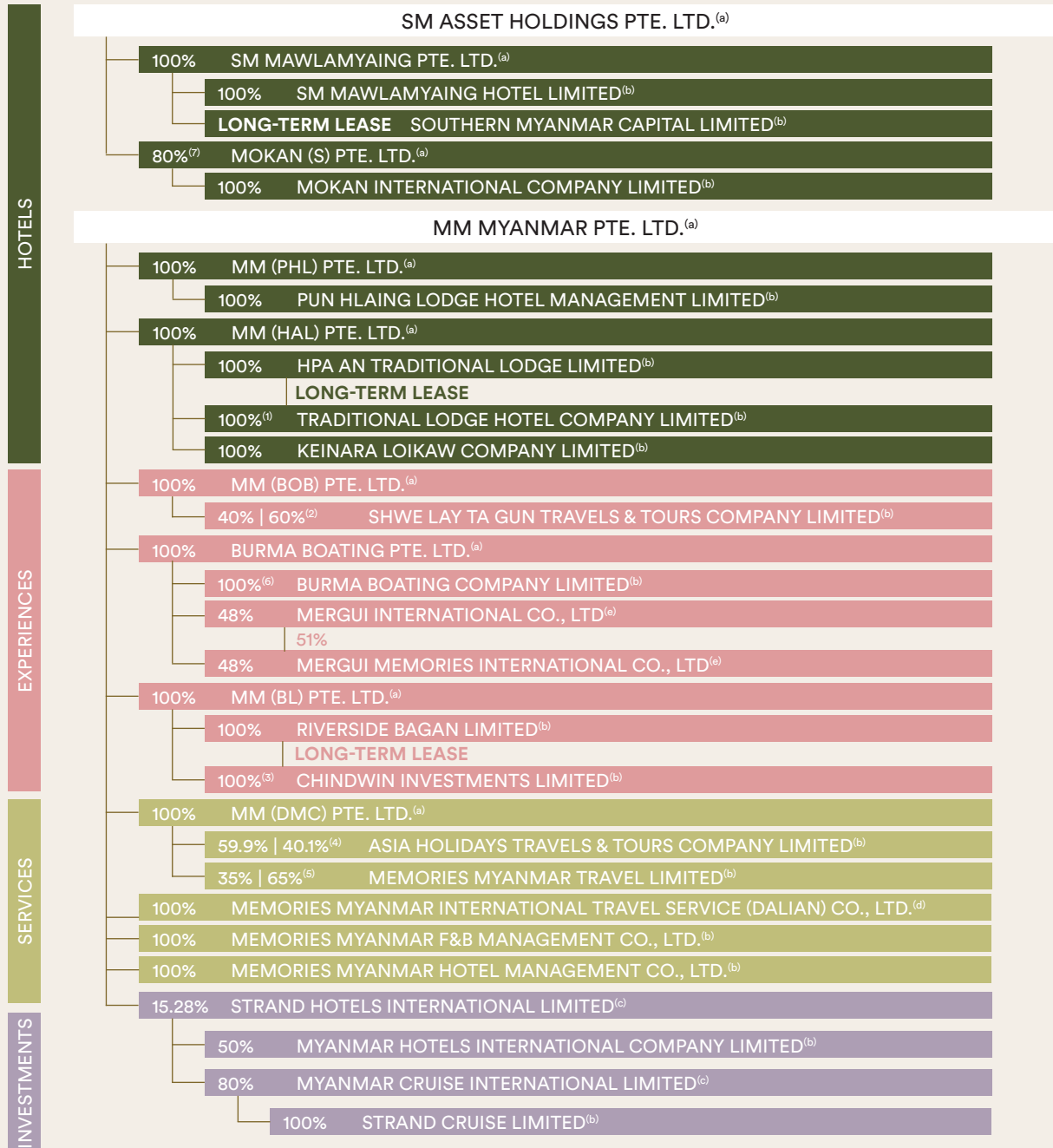
Torsten Edens is the Senior Vice President (Travel) for Memories Group with a special focus on the Travel and Experience-building part of the business. Prior to joining Memories Group, he worked as Chief Operating Officer for Go Beyond Asia based in Bangkok and was the Managing Director for Diethelm Travel in Vietnam and cluster Director for the Diethelm Travel offices in Laos and Cambodia, handling and developing experiences for high-end customers coming from all over the world. His passion is in creating authentic experiences where the connection between the traveler and the hosts/locals is strengthened to create lasting memories.

Before working in Southeast Asia, Torsten Edens has worked on developing Adventure Marathons worldwide in the Danish company Albatros Travel and was Head of Global Sales for the Swiss travel company Kuoni based in Zurich and Copenhagen.

CORPORATE STRUCTURE

(As at 11 January 2021)

MEMORIES GROUP LIMITED^(a)

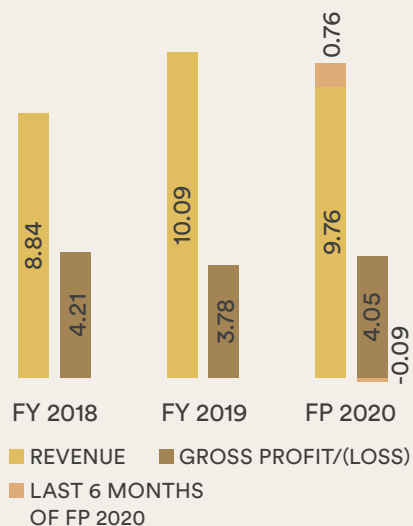


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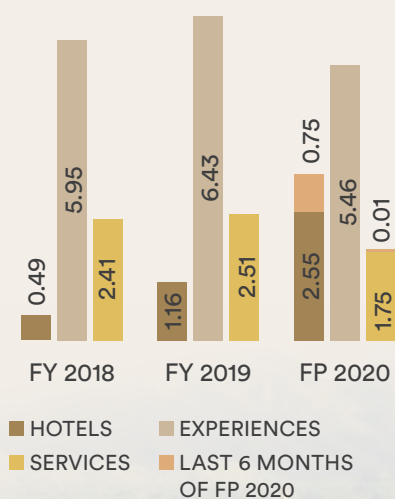
- Incorporated in Singapore
- Incorporated in Myanmar
- Incorporated in British Virgin Islands
- Incorporated in People's Republic of China
- Incorporated in Thailand
- MM (HAL) Pte. Ltd. holds economic interest in respect of 100% interest in Traditional Lodge Hotel Company Limited
- MM (BOB) Pte. Ltd. holds economic interest in respect of 60% interest in Shwe Lay Ta Gun Travels & Tours Company Limited
- MM (BL) Pte. Ltd. holds economic interest in respect of 100% interest in Chindwin Investments Limited
- MM (DMC) Pte. Ltd. holds economic interest in respect of 40.1% interest in Asia Holdings Travel & Tours Company Limited
- MM (DMC) Pte. Ltd. holds economic interest in respect of 65% interest in Memories Myanmar Travel Limited
- Burma Boating Pte. Ltd. holds economic interest in respect of 100% interest in Burma Boating Company Limited
- Remaining 20% interest is held by Memories Group Limited

FINANCIAL HIGHLIGHTS

REVENUE AND GROSS PROFIT (US\$ MILLION)



REVENUE BY SEGMENT (US\$ MILLION)



MEMORIES GROUP RECORDED AN INCREASE OF 120%¹ IN REVENUE FROM HOTELS SEGMENT.

SUMMARIZED PROFIT OR LOSS (US\$ MILLION)

	FP 2020	FY 2019	% CHANGE
Hotels	3.30	1.16	185%
Experiences	5.46	6.43	(15%)
Services	1.76	2.51	(29%)
Revenue	10.52	10.09	4%
Gross Profit	3.96	3.78	5%
Impairment Loss	14.77	-	NM
Gain on Bargain Purchase	-	7.67	NM
Net (Loss)/Profit	(35.97)	2.01	NM

NM – Not Meaningful

The Group recorded an increase in overall revenue of 4% in FP 2020 compared to FY 2019. Revenue from Hotels segment contributed to 31% (FY 2019: 11%) of overall revenue in FP 2020. Hotels segment saw an overall revenue increase of 185% in FP 2020 compared to FY 2019. Despite the temporary closure of four out of five hotels from April to June 2020, its revenue went up by 12% in last two quarters of FP 2020 (from April to September 2020) compared to same period last year (from April to September 2019). Revenue from Experiences segment contributed to 52% (FY 2019: 64%) of overall revenue in FP 2020. Experiences segment recorded a decrease in revenue of 15% by US\$0.97 million in FP 2020 compared to FY 2019. The decrease is mainly attributed by the revenue loss due to early closure of the operating season of Balloons over Bagan and Burma Boating in light of the Covid-19 pandemic. Revenue from Services segment contributed to 17% (FY 2019: 25%) of overall revenue in FP 2020. Revenue from Services segment is recorded at US\$1.76 million in FP 2020 being approximately 30% less than FY 2019.

The Group maintained the gross profit margin of 38% in FP 2020. Net loss after tax is recorded at US\$35.97 million, which included one-off losses such as impairment loss of US\$14.77 million and exchange loss from currency fluctuation of US\$3.54 million.

¹ The comparison was made between the 12-month ended March 2020 as compared to same period last year.

OPERATIONAL REVIEW – FP 2020

HOTELS

Revenue from Hotels segment is recorded at US\$3.30 million in FP 2020. Despite the temporary closure of Keinnara Hpa-An, Keinnara Loikaw and Hotel Suggati Mawlamyaing from April to June 2020 and early season closure of Awei Pila's operating season in the beginning of April 2020, revenue from Hotels segment saw an increase of US\$2.14 million in FP 2020 as compared to FY 2019. Awei Metta hotel in Yangon, in particular, performed very well in terms of room revenue and food and beverage revenue during last 6 months of FP 2020 as compared to same period last year. The revenue increase is mainly driven by the Group's marketing efforts to capture the demand of the local market. Keinnara Hpa-An also achieved healthy occupancy of 84% during the months of July and August 2020 as Hpa-An became a popular destination following the ease of domestic travel restrictions by the Myanmar government authorities after the first wave of Covid-19 pandemic.

EXPERIENCES

Revenue from Balloons Over Bagan and Burma Boating decreased by US\$0.97 million in FP 2020 as compared to FY 2019. Following the travel restrictions that were being imposed since March 2020 until further notice due to the Covid-19 pandemic, Balloons Over Bagan and Burma Boating ceased their operations season 2019/20 earlier than prior year's season closure dates. Hence, no operational revenue from Experiences segment were recorded in the last two quarters of FP 2020.

SERVICES

The Group's Services segment recorded revenue of US\$1.76 million in FP 2020. Memories Travel's FP 2020 revenue had been significantly impacted by the suspension of commercial flights to Myanmar as the Group's destination management company's ("DMC") business mainly serves inbound clients. With a new focus to serve Myanmar based companies for events and incentives, the Group has expanded its DMC business to be a full-service travel and events solutions provider that specialises in imaginative travel and events experiences.

MARKET

The tourism sector is one of the most affected sectors by the Covid-19 pandemic. According to an issue of the UNWTO World Tourism Barometer, international tourist arrivals declined by 70% from January to August 2020 compared to the same period last year¹. Based on UNWTO Tourism Recovery Tracker data, hotel bookings in Southeast Asia region declined by 62% on year-on-year comparison from January to November 2020². Within the country of Myanmar, the suspension of commercial flights since 31 March 2020 and continuing measures on social distancing restrictions and restrictions on domestic travels have adversely impacted the Group's overall revenue and profitability for FP 2020.

The easing of domestic travel restrictions revived tourism activities within the country as Myanmar observed a surge of domestic travel from the beginning of July to the end of August 2020 after the relatively minor first wave of Covid-19 pandemic outbreak within the country. Unfortunately, a more severe second wave called for inter-state travel restrictions at the end of August and such restrictions have significantly impacted the Group's hotels operations. Three hotels of the Group – Keinnara Hpa-An, Keinnara Loikaw and Hotel Suggati Mawlamyaing – are temporarily closed again since September 2020. However, the Group anticipates that a similar resurgence in domestic travel will likely follow the easing of travel restrictions especially with respect to domestic travel. On the other hand, Awei Metta has benefited from focused marketing efforts and its strong positioning to capture the growing new demand for domestic travel in the local market, having achieved higher business volume than before and significantly outperforming its competitors in Yangon in terms of occupancy.

Awei Pila, Balloons Over Bagan and Burma Boating had ceased their respective operations season 2019/20 earlier than the usual season closing dates in the early April 2020. Reopening for operations season 2020/21 will depend largely on when domestic travel is permitted. The Group remains positive that domestic travel will be a source of sustainability of the tourism sector in short to medium term while being optimistic about the safe rebound of international tourism. The Group's DMC business continues to explore untouched destinations and offer tourism activities and experiences within the country of Myanmar.

¹ <https://www.unwto.org/unwto-tourism-dashboard>, as at 10 December 2020.

² <https://www.unwto.org/unwto-tourism-recovery-tracker>, as at 10 December 2020.



SUSTAINABILITY REPORT

OUR SUSTAINABILITY COMMITMENT

<p>Being sustainable means doing business while contributing to the economic and social progress of the communities in that, the company is involved in taking into account its environmental impact and fostering stable relationships with its main stakeholders.</p>	<p>Our sustainability focus areas are closely aligned with the United Nations’ Sustainable Development Goals (“SDGs”) of the 2030 Agenda for Sustainable Development, and our targets are aligned with the Myanmar Sustainable Development Plan (“MSDP”) 2018 – 2030.</p>	<p>We support the Ten Principles of the UN Global Compact (“UNGC”) and UN World Tourism Organisation Global Code of Ethics in sustainable development, safeguarding of cultural and natural heritage, integration of the local community and supporting worker’s rights.</p>
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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 sustainable and socially responsible ways.

OUR SUSTAINABILITY FOCUS AREAS

<p>Our Customers</p> <p>We serve our customers by being their trusted partner and by delivering the best products and services that cater to their needs.</p>	<p>Respect for the Environment</p> <p>We promote responsible environmental practices in all our hotels and provide support to the hotels to improve their environmental performance.</p>	<p>Preserving Local Heritage and Culture</p> <p>We support responsible travel by connecting guests with cultural and natural heritage to create stewardship in preserving local heritage and culture.</p>	<p>Governance</p> <p>We create sustainable investment opportunities by leading with integrity and engaging in ethical and equitable business practices.</p>	<p>Employability & Local Development</p> <p>We invest in our people to build careers around a shared culture of fairness, diversity, empowerment and recognition.</p>
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OUR MATERIAL TOPICS

<p>Customer satisfaction</p> <p>Experiential and authentic travel for our customers</p> <p>Safety and crisis management</p>	<p>Reduce use of plastics/Increase recycling efforts</p> <p>Water scarcity</p> <p>Food scarcity</p> <p>Greenhouse gas emissions reductions</p>	<p>Identify “No-Go” activities or sensitive areas which are not suitable for tourism</p>	<p>Compliance with relevant laws and regulations</p> <p>Responsible suppliers</p> <p>Business ethics</p> <p>Anti-Child labour, human rights</p>	<p>Employee skills training and career development</p> <p>Employee engagement</p> <p>Equal gender pay, anti-discrimination</p> <p>Diversity of workforce and inclusivity</p> <p>Support local community projects</p>
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SUSTAINABILITY REPORT

SUSTAINABLE DEVELOPMENT GOALS

The Group is committed in supporting the SDGs in its business operations.

SDG	MEMORIES GROUP'S CONTRIBUTIONS FOR FP 2020
 <p>2 ZERO HUNGER</p>	<p>Vegetables are grown at our hotels – Keinnara Hpa-An, Keinnara Loikaw and Awei Pila. Food waste is composted and mixed with soil, after which it is used to grow vegetables for our hotels and restaurants. This helps us to avoid over-reliance on vegetables to be delivered from far distances, especially for Awei Pila. Apart from providing our guests and employees with pesticide-free and fresh vegetables, these vegetables also have a lower carbon footprint and help us to establish a sustainable food production system. The vegetables grown at our hotels comprise between 15% to 40% of the total vegetables consumed by guests and employees.</p>
 <p>4 QUALITY EDUCATION</p>	<p>The Group provides long-term training and development programs to its employees across various business units. Each employee has achieved on average more than 40 hours of training during the FP 2020. Burma Boating provides Moken youths with learning opportunities on handcrafting of models of traditional boats from the elder Moken population, and the sales of these boat models are available on Burma Boating trips. Burma Boating also provides schooling supplies for Moken children as well as basic photography skills trainings.</p>
 <p>5 GENDER EQUALITY</p>	<p>Approximately 29% of the Group's workforce are female. Females are represented at the executive as well as the senior management levels across the Group. In FP 2020, 100% of managers have completed training on Code of Conduct and on the topic of anti-harassment.</p>
 <p>6 CLEAN WATER AND SANITATION</p>	<p>Awei Pila provides electricity and waste collection for the nearby villages and educates the local community on the impacts of improper dumping of waste.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>The Group's businesses provide a total of approximately 571 jobs to the local communities in Myanmar. All employees are paid at least the government prescribed minimum wage. It fully supports and practices the International Labour Organisation's eight fundamental core conventions and the International Finance Corporation's Labour and Working Conditions Standards. The Group prohibits child labour at all of its business operations and projects, and there was no case of child labour reported in FP 2020.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Through partnerships with local social enterprises in Yangon and Bagan, the Group's Hotels segment and Experiences segment provide a platform for these social enterprises to market and sell their handcrafted products. Seafood for restaurant at Awei Pila is purchased from the local fishermen and the resort employs the local communities living at nearby villages.</p> <p>Memories Travel has increased the number of community-based tour operators for activities in Magyeekan Village in Salay near Bagan and Panpet in Loikaw. The number of local artisan crafts in our programmes have also increased to include painting in a Bagan lacquerware workshop and hands-on activities in a wooden pipes workshop in Mawlamyaing. With this approach, the Group is also able to upskill local labour, build local capacity and contribute to economic growth in the local communities.</p>

SUSTAINABILITY REPORT

SDG	MEMORIES GROUP'S CONTRIBUTIONS FOR FP 2020
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Renewable energy produced from solar panels installed at Awei Pila covers approximately 40% of total energy consumption of the resort. Guest rooms at Awei Pila are designed to optimise the use of natural light during the day so as to minimise the use of artificial lighting in the room.</p> <p>Technical improvements have been made to Burma Boating's yacht, SY Meta IV, to allow it to sail at higher speeds with low winds so that fuel consumption can be reduced.</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>At Awei Pila, all amenities are free from plastic, as plastic bottles are not being used in the guest rooms and all glass bottles are crushed to be recycled and used for road construction. Plastic straws are also not being used on yachts for Burma Boating.</p> <p>Burma Boating is partnering with "Tide Ocean" to implement a new bottle disposal system in Ranong and Kawthaung whereby yachts as well as the local communities can actively collect ocean plastic bottles to be upcycled and transformed into premium raw material that can be used to produce new sustainable products.</p> <p>Regular beach cleanups have been organized at Awei Pila to remove debris which is transferred to the mainland to be recycled properly. Various recycling methods are currently being explored to assess the possibility of transforming the debris into valuable resources such as building materials which can then be used by the local communities.</p>
 <p>14 LIFE BELOW WATER</p>	<p>Awei Pila partnered with Ocean Quest (an environmental organisation based on Malaysia) in a coral conservation project in September 2019. Two sites – Long Beach and Honeymoon Bay, have been identified for the development of coral nurseries. In addition to cataloguing the marine life around Pila Island, nine coral nurseries were established on Pila Island in October 2019 and this repopulating program will continue for four years. An alternative coral rehabilitation method is being used in the north bay where coral nurseries are difficult to establish. Parts of the reef on this bay already show encouraging signs of coral resilience in the short-term.</p> <p>In June 2019, Burma Boating, together with Awei Pila, partnered with Ocean Quest to remove over 310kg of ghost fishing nets and over 10,000kg of general waste from four coral reefs around Pila Island to be recycled on shore.</p>
 <p>15 LIFE ON LAND</p>	<p>Since November 2019, the conservation team of Ocean Quest has created more than 10km of trail across the jungle and also started monitoring and cataloguing local species of birds on Pila Island to better understand the biodiversity of the area. The improved access to the remote parts of the island enable the team to identify local fauna and flora more efficiently.</p> <p>Observation points have been built while minimizing disturbance to the existing landscape in order to allow us to observe birds and mammals in their native habitats. Indigenous tree species and ancient mangrove species, some of which are endangered species, have been discovered. Programmes to protect and conserve these endangered species are currently under study.</p>

Further information on the Group's sustainability effort and performance will be detailed in the sustainability report to be published by February 2021.

CORPORATE GOVERNANCE REPORT

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 the Company with specific reference to each of the principles and provisions of the Code of Corporate Governance 2018 (the “Code”), its related practice guidance (“PG”), guidelines from Code of Corporate Governance 2012 (“Code 2012”) which are still in effect as well as the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “SGX-ST”) in January 2015 (the “Guide”) during the financial period ended 30 September 2020 (“FP2020”).

We confirm that Memories Group Limited (the “Company”, together with its subsidiaries, “Memories Group” or the “Group”) has generally adhered to the principles and provisions set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

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 the Company, formulating policies on various matters such as major investments, key operational initiatives and financial controls, reviewing the Company’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.

Board Processes (Provision 1.1)

All Directors objectively make decisions in the interests of the Company and are expected to exercise independent judgment in the best interests of the Company and its shareholders. Decisions on all key matters are made by the Board and Directors facing conflicts of interest recuse themselves from meetings discussions and decisions involving the issues of conflict. The Directors also hold the Management accountable for the Company’s performance.

Board meetings are held quarterly and in particular, two of the meetings are scheduled to coincide with half-yearly and full-year financial results reporting in order to facilitate a review of the financial statements and announcement of the unaudited half-yearly and full-year results of the Company. 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 will typically organize to hold at least one off-site Board strategy meeting in Myanmar for in-depth discussion on strategic issues and the direction of the Company. Due to the travel restrictions imposed by Singapore and Myanmar in response to the Covid-19 situation, no Board meeting was held in Myanmar for FP2020.

CORPORATE GOVERNANCE REPORT

Board Orientation and Training (Provision 1.2)

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

Pursuant to Rule 406(3)(a) of the Singapore Exchange Securities Trading Limited ("SGX-ST" or "Exchange") 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 Exchange must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. As Mr. Vincent Chan did not have prior experience as a director of an issuer listed on the Exchange, the Company had arranged for him to attend and undergo training as prescribed by the Exchange within one year from the date of his appointment i.e. by 31 January 2020. Mr. Vincent Chan had undergone training conducted by the Singapore Institute of Directors ("SID") to familiarise himself with the roles and responsibilities of a director of a Singapore listed company.

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 deems appropriate, arrange for training courses for Directors. Such courses will be funded by the Company. During FP2020, the Directors received briefing by the Company's independent auditors on the changes and amendments to the Singapore Financial Reporting Standards. The Board was also briefed by professionals at the Board meetings on regulatory changes issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Directors and the Company.

The other professional development programmes attended by some Directors in FP2020 include the following:

1. Annual Conference organised by SID;
2. Corporate Governance Round-Up 2019 organised by SID; and
3. Audit Committee Seminar 2020 jointly organised by ACRA, SGX-ST and SID.

CORPORATE GOVERNANCE REPORT

Matters requiring Board's approval (Provision 1.3)

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

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

Delegation by the Board (Provision 1.4)

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.

CORPORATE GOVERNANCE REPORT

Board and Board Committees meetings (Provision 1.5)

In FP2020, the number of the meetings of the Board and Board Committees as well as the Annual General Meeting held and the attendance of each Director, are disclosed below:

Name of Director	Board	Audit and Risk Management Committee	Nominating Committee	Remuneration Committee	Annual General Meeting
Number of Meetings	7	8	2	2	1
Number of Meetings Attended					
Mr. Serge Pun @ Theim Wai ("Mr. Serge Pun")	6 ⁽¹⁾	NA	2	2	1
Mr. Pun Chi Yam Cyrus ("Mr. Cyrus Pun")	7	NA	NA	NA	1
Mr. Tun Tun	7	8	NA	NA	1
Mr. Basil Chan	7	8	2	2	1
Mr. Robin Lee Chye Beng ("Mr. Robin C. Lee")	7	8	2	2	1
Mr. Vincent Chan Chun Hung ("Mr. Vincent Chan")	7	NA	NA	NA	1

Note:–

(1) Mr. Serge Pun was unable to attend one Board meeting which had been convened on urgent notice.

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.

Directors with multiple Board representations ensure that sufficient time and attention are given to the affairs of each issuer.

CORPORATE GOVERNANCE REPORT

Complete, Adequate and Timely Information and Access to Management and Company Secretary (Provisions 1.6 and 1.7)

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 half-yearly and full-year financial statements/reports, which include background and explanatory information, are submitted to the Board for approval and released 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.

The Directors have separate and independent access to Management and the Company Secretaries 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.

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

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

Independent Professional Advice (Provision 1.7)

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 REPORT

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

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-Independent Non-Executive 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 compositions 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
Executive Directors					
Mr. Serge Pun	23 July 2019	Chairman	–	Member	–
Mr. Cyrus Pun	23 July 2019	Member	–	–	–
Non-Executive Non-Independent Directors					
Mr. Tun Tun	25 July 2018	Member	Member	–	–
Mr. Vincent Chan	23 July 2019	Member	–	–	–
Non-Executive Independent Directors					
Mr. Basil Chan	25 July 2018	Member/Lead Independent Director	Chairman	Chairman	Member
Mr. Robin C. Lee	23 July 2019	Member	Member	Member	Chairman

CORPORATE GOVERNANCE REPORT

Board Independence (Provisions 2.1, 2.2 and 4.4)

The Code defines an “independent director” as one who has no relationship with the Company, its related companies, its substantial 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 based on the guidelines on independence specified in the Code (including the Code’s Practice Guidelines) and the circumstances set out in Rule 406(3)(d) of the Catalist Rules. The NC requires each Non-Executive Independent Director to confirm his relationship(s) 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 FP2020, the NC has determined that the two (2) Non-Executive Independent Directors continue to remain 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.

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

The Code provides that the independent directors should make up majority of the Board where, *inter alia*, the Chairman is part of the management team and is not an independent director. The 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 Executive Chairman is part of the management team, the Board has reviewed the percentage of Independent Directors on the Board, the Board believes that the Executive Chairman has always strived to protect and enhance the long-term shareholder values and the financial performance of the Company. As such, notwithstanding that the Provision 2.2 of the Code is not met, the Board is of the view that it has an appropriate level of independence and diversity to enable it to make decisions in the best interests of the Company. The Board will continue to assess and evaluate the need to appoint an additional non-executive independent director to meet the said provisions of the Code.

The NC and the Board believe that the composition of the current Board, with Non-Executive Independent Directors making up one-third of the Board and Non-Executive Directors making up majority of the Board, remains appropriate and effective and the 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 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) there is no individual or a small group of individuals that dominates the decision making of the Board.

CORPORATE GOVERNANCE REPORT

Board Composition and Size (Provisions 2.4 to 2.5)

Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance. Their views and opinions provide alternative perspectives to the Company'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 experienced 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 the Company, 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 the Company's needs and to allow for diverse and objective perspective on the Company'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.

As at the date of this Annual Report, the Company has not appointed any Alternate Director.

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.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Company practises 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.

CORPORATE GOVERNANCE REPORT

Role of Chairman (Provisions 3.1 and 3.2)

Mr. Serge Pun is the Executive Chairman of the Company.

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 (Provisions 3.1 and 3.2)

Mr. Cyrus Pun is the CEO of the Company. His role 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 (Provision 3.3)

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 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 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 or the Management has failed to resolve them or is inappropriate.

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

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 (Provisions 4.1 and 4.2)

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 and key management personnel, in particular, the Chairman and for the CEO;
- (d) determining annually whether a Director is independent, bearing in mind the circumstances set forth in the Code, Catalist Rules and other salient factors;
- (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 individual 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) reviewing the training and professional development programs for the Board;
- (l) considering the various disclosure requirements for the appointment of Directors, particularly those required by regulatory bodies such as the SGX-ST; and
- (m) undertaking such other duties as may be agreed to between itself and the Board.

CORPORATE GOVERNANCE REPORT

Re-nomination of Directors (Provisions 4.3 and 4.5)

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 together with 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 annual general meeting ("AGM") of the Company. In view of the foregoing, Mr. Tun Tun and Mr. Basil Chan will retire and seek re-election pursuant to Article 99(4) of the Constitution of the Company.

Shareholders are provided with relevant information on the candidates for election or re-election. Please refer to Page 147 to Page 156 setting out "Additional Information of Directors seeking election or re-election" of this Annual Report.

Criteria and Process for Appointment of New Directors (Provision 4.3)

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 Group and its businesses. 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 selection 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 REPORT

Board Performance

Principle 5: The Board undertakes a formal annual assessment of the effectiveness as a whole and that each of its Board Committees and individual directors.

Board Evaluation Process (Provision 5.1)

The NC has also made available a process of assessment of the contribution made by each individual 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.

Board Evaluation Criteria (Provision 5.2)

The Board acknowledges the importance of a formal assessment of the Board's performance, and in line with the principles of good corporate governance, has adopted a formal system of evaluating the performance of the Board as a whole and the Board Committees during FP2020.

The results of the performance evaluation will be collated by the Company Secretary 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 FP2020, 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. No external facilitator has been engaged.

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

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies Level and Mix of Remuneration Disclosure on Remuneration

-
- Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.
- Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.
- Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.
-

All members of the RC are Non-Executive Independent Directors.

Remuneration Committee (Provisions 6.1 and 6.2)

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 each Executive Director 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

CORPORATE GOVERNANCE REPORT

- (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.

As the RC comprises all the Non-Executive Independent Directors of the Company, the Board is of the view that the current composition of the RC remains appropriate and effective and they have exercised objective judgment on remuneration matters independently from Management. As such, notwithstanding that the Provision 6.2 of the Code is not met, the Board is of the view that based on the organisational structure and businesses of the Group as at the date of this Annual Report, it has an appropriate level of independence and diversity to enable it to make decisions regarding remuneration matters in the best interests of the Company. All decisions to be made by the RC would have to obtain unanimous approval of the members. Nevertheless, the Board will, on an annual basis, continue to review the need to appoint a Non-Executive Director as an additional member of the RC.

RC's Evaluation Criteria and Recommendations on Directors' Remuneration (Provisions 6.3, 6.4 and 7.1 to 7.3)

No Director was involved in deciding his own remuneration. The RC has full authority to engage any external professional to advise on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. There was no remuneration consultant engaged by the Company in FP2020.

In setting the remuneration packages of the Executive Directors and key management personnel, the RC takes into consideration their responsibilities, effort, time spent, skills, expertise and contribution, industry practices and norms in compensation. The RC reviews all aspects of remuneration, including salaries, fees, allowances, bonuses, share-based incentives and awards, and benefits-in-kind as well as termination terms to ensure that they are fair. An appropriate portion of the remuneration (being the base salary) of the Executive Directors and key management personnel is structured so as to link rewards to corporate and individual performance. Such performance-related remuneration is linked to the financial and operational performance of the Company.

The RC also ensures that remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

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. Awards of shares are largely subject to a vesting period even upon the satisfaction of the performance criteria. No share award was granted under Memories PSP during FP2020. Details of the Memories PSP are set out in the Directors' Statement section of this Annual Report.

Disclosure on Directors' Remuneration (Provision 8.1)

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.

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Disclosure of Remuneration for FP2020 (Provisions 8.1, 8.2 and 8.3)

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\$130,000 for financial period from 1 April 2019 to 31 March 2020, which had been approved by shareholders at the AGM held on 23 July 2019. The Company would be seeking shareholders' approval at the forthcoming AGM for the payment of Directors' fees for the 6-month period from 1 April 2020 to 30 September 2020 (the "6M Fee Approval").

The remuneration structure for the Directors for FP2020 (assuming the 6M Fee Approval has been obtained) are as follows:

Name of Director	Base/ Salary (%)	Variable Component or Bonus (%)	Benefits- in-kind, Allowances and Other Incentives (%)	Directors Fees (%)	Total (S\$)
Executive Directors					
Mr. Serge Pun	85	–	15	–	294,150
Mr. Cyrus Pun	84	–	16	–	556,893
Non-Executive Non-Independent Directors					
Mr. Tun Tun	–	–	–	100	30,000
Mr. Vincent Chan	–	–	–	100	22,500
Non-Executive Independent Directors					
Mr. Basil Chan	–	–	–	100	64,500
Mr. Robin C. Lee	–	–	–	100	42,000

The Company 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 FP2020, 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. Raymond James Bragg ¹	100	–	–	100
Mr. Ng Jia Wei ²	83	–	17	100
Ms. Chaw Su Linn ³	91	–	9	100
Mr. Myo Myint Aung ⁴	96	–	4	100

Notes:

- The remuneration in the table reflects the salary of Mr. Raymond James Bragg as the Chief Operating Officer from 1 April 2019 to 30 April 2019. He resigned as the Chief Operating Officer on 30 April 2019.
- The remuneration in the table reflects the salary of Mr. Ng Jia Wei as the Group Financial Controller from 1 April 2019 to 30 September 2019. He resigned as the Group Financial Controller on 30 September 2019.
- The remuneration in the table reflects the salary of Ms. Chaw Su Linn as the Group Financial Controller from 1 January 2020 to 31 July 2020. She resigned as the Group Financial Controller on 31 July 2020.
- The remuneration in the table reflects the salary of Mr. Myo Myint Aung as the Acting Group Financial Controller from 1 September 2020 to 30 September 2020. He was re-designated to Group Financial Controller from 7 January 2021.

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The aggregate amount of the total remuneration paid to the abovementioned top key management personnel including the Executive Chairman and the CEO for FP2020 was approximately S\$1,285,591. During FP2020, no termination, retirement and post-employment benefits had 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 other employees who are immediate family members of a director, CEO or substantial shareholder, and whose remuneration exceeded S\$100,000 during FP2020.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls Audit and Risk Management Committee

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Oversight of Risk Management (Provision 9.1)

The Board, supported by the ARMC, oversees the Group's system of internal controls and risk management. The ARMC is in turn advised by the Independent Auditor and 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.

In FP2020, the Group implemented the Anti-Bribery and Anti-Corruption Policy by streamlining its Anti-Bribery Policy and Anti-Corruption Procedures. This policy sets out guidelines to ensure that the Group, its Directors, officers, employees and agents conduct their activities in an honest and ethical manner, and that they comply with the tenth principle of United Nations Global Compact. The United Nations Global Compact is a principle-based framework stating that businesses should work against corruption in all its forms, including extortion and bribery.

During FP2020, the Group discovered a case of fraud at its wholly-owned Myanmar subsidiary Asia Holidays Travels & Tours Company Limited ("**AHTT**"). The Finance Manager of AHTT, as part of AHTT's existing internal control procedure to perform its cash flows reconciliations, uncovered that an aggregate amount of US\$0.63 million was misappropriated from the accounts by three employees involved in AHTT business (the "**Perpetrators**").

The Group noted that this matter occurred as a result of collusion between the Perpetrators to override the existing internal control procedures. It was discovered internally as part of the Group's internal controls guidelines, which involved cash control and surprise checks undertaken by the Finance Manager. The Group established an internal investigation team, which comprised the Group Finance Team and the Group Risk Management and Internal Audit Team (the "**Group RMA Team**"), to investigate this matter. The Group had also commissioned its internal auditor, BDO LLP ("**Internal Auditor**") to conduct internal audits review and a follow-up review of the control systems to identify areas of weaknesses and improvements across selected entities within the Group. After completion of reviews conducted by the Group RMA Team and Internal Auditor, the Group identified areas of improvements and had begun implementing the necessary mitigating/detection controls during FP2020.

CORPORATE GOVERNANCE REPORT

The Board had made an informed judgement on the adequacy and effectiveness of the Group's internal control systems through its review of the processes and policies and also communications with the Group's key management personnel including the Group RMA Team and the Internal Auditor. The Group will strengthen its internal control procedures by committing to substantially adopt all the recommendations by the Internal Auditor. However, the implementation of some of these procedures such as those relating to AHTT would only take place upon the season opening. In addition, the Group has recruited a compliance manager to oversee the implementation of the Group's internal control procedures. Furthermore, Management had confirmed that the recommendations set out in the internal audit reports will be implemented in a timely manner on an ongoing basis with the onboarding of the compliance manager and the implementation of a new booking management system, a procurement and payment management system, and a new accounting system which is targeted to be completed during the financial year ending 30 September 2021.

Therefore, 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 performed by the Group RMA Team, Independent Auditor and Internal Auditor, and assurance provided by the CEO and Group Financial Controller, the Board and the ARMC are of the view that the AHTT's and the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FP2020.

The Board notes that the risk management and internal control systems put in place provides reasonable, but not absolute assurance that the 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.

Assurance from the Key Management Personnel (Provision 9.2)

The Board has received assurance from the CEO and the Group Financial Controller, that in respect for the past 18 months:-

- (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (ii) the Group's risk management and internal control systems are adequate and effective to address all material aspects of the financial, operational, compliance and information technology risks in the context of the scope on the Group's business operations.

Audit and Risk Management Committee (Provisions 10.1 to 10.3)

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, Mr. Basil Chan is experienced in audit, financial and general management and one other member of the ARMC, Mr. Tun Tun, possesses related financial management expertise and experience.

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 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.

CORPORATE GOVERNANCE REPORT

The duties within its written terms of reference include:

- (a) reviewing with the Independent Auditor the audit plan, their evaluation of the system of internal accounting controls, their audit report, their Management letter and the Management's response;
- (b) reviewing the half-yearly and annual financial statements of the Company 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 discuss problems and concerns, if any, arising from the audits, and any matters which the independent auditor may wish to discuss (in the absence of management where necessary);
- (d) reviewing and discussing with the Independent Auditor and the 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 the 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 in accordance to requirements set out under the Catalist Rules, and in particular matters pertaining to acquisitions and realisations;
- (g) reviewing periodically 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;
- (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 the Company's control of cash and banking procedures as may be necessary;
- (j) reviewing the adequacy and effectiveness of the Company's internal audit function periodically, and to comment on whether the internal audit function is independent. 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 report to the board its findings from time to time on matters arising and requiring the attention of the ARMC;
- (l) reviewing whether any internal control weaknesses as identified by the Independent Auditor and Internal Auditors have been fully addressed;
- (m) 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;

CORPORATE GOVERNANCE REPORT

- (n) 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;
- (o) reviewing the effectiveness of the Company's internal controls and risk management systems, including financial, operational, compliance and information technology controls and risk management system. Where material weaknesses are identified by the ARMC and/or the Board, ARMC is required to discuss with the Board on the steps taken to address the weakness; and
- (p) reviewing and implementing the Company's policies, arrangements and procedures for reporting and detecting fraud and improprieties in matters of financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

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

For FP2020, no former partner or Director of the Company's incumbent auditing firm or its member firms was a member of the ARMC.

The Independent Auditor updates the ARMC on all changes to accounting standards and issues which have a direct impact on the Company'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.

Internal Audit (Provision 10.4)

The Board believes it is crucial to put in place a system of internal controls of the Company'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 Group Financial Controller. The ARMC annually reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The internal audit function has unfettered access to all the issuer's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company. 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, effective and adequately resourced, and has the appropriate standing in the Company to discharge its duties effectively.

ARMC Meeting with Independent Auditor and Internal Auditor (Provision 10.5)

The ARMC has met with the Independent Auditor and the Internal Auditor once without the presence of Management in FP2020.

CORPORATE GOVERNANCE REPORT

Commentaries on Key Audit Matters

Below are the ARMC's commentaries on the key audit matters in the Independent Auditor's Report in this Annual Report:

Key Audit Matters	How The Matter Was Addressed In Our Audit And The Findings
<p>Impairment of goodwill and intangible assets with indefinite useful lives (trademark and brand name)</p> <p>As at 30 September 2020, management performed impairment assessments on the following non-financial assets:</p> <ul style="list-style-type: none"> • Goodwill on services segment of US\$5.48 million; • Goodwill on hotels segment of US\$2.03 million; • Goodwill on experiences segment of US\$0.26 million; • Trademark attributable to services segment of US\$1.06 million; and • Brand name attributable to experiences segment of US\$0.06 million. 	<p>The ARMC had 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 name) 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) including consideration of the duration and the severity of the economy downturn as a result of the Covid-19 pandemic and the recovery assumptions from the pandemic.</p> <p>The ARMC also discussed the above with the Independent Auditor on the work performed over the appropriateness of the assumptions used, namely, the forecasted revenue and operating expenses, growth rate, profit margins and discount rates.</p> <p>The ARMC was satisfied with the impairment review process, the approach and methodology used and the assessment that impairment loss on goodwill of US\$5.14 million was required as at 30 September 2020.</p>
<p>Impairment of investments in subsidiary corporations, property, plant and equipment and other intangible assets</p> <p>As at 30 September 2020, the carrying amounts of the Group's and the Company's non-financial assets (other than goodwill and intangible assets with indefinite useful lives) were as follows:</p> <ul style="list-style-type: none"> • Investments in subsidiary corporations of US\$81.85 million; • Property, plant and equipment on services business segment of US\$0.01 million; • Property, plant and equipment on experiences business segment of US\$10.53 million; • Property, plant and equipment on hotels business segment of US\$48.91 million; and • Customer relationships attributable to services business segment of US\$0.18 million. 	<p>The ARMC had considered the approach and methodology applied to the impairment of investments in subsidiary corporations, property, plant and equipment and customer relationships, focusing on those with indicators of impairment and the key assumptions used in determination of their VIU.</p> <p>The ARMC reviewed the outcomes of the impairment processes of the above non-financial assets 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), including outlook of the Myanmar tourism industry, impact of the Covid-19 pandemic and possible recovery scenarios.</p> <p>The ARMC also discussed the above with the Independent Auditor on the work performed over the appropriateness of the assumptions used, namely, the forecasted revenue and operating expenses, growth rate, profit margins and discount rates.</p> <p>The ARMC was satisfied with the impairment review process, the approach and methodology used and the assessment that impairment loss on the Group's property, plant and equipment amounted to US\$9.64 million as at 30 September 2020 was required.</p> <p>For the separate Company financial statement, impairment loss on the Company's investments in subsidiary corporations amounted to US\$14.37 million (which contain impairment loss on the Group's property, plant and equipment amounted to US\$9.64 million) as at 30 September 2020 was required, under the same impairment review process including the same approach and methodology.</p>

CORPORATE GOVERNANCE REPORT

Going concern assumption

The evolving nature of the Covid-19 pandemic and the restrictions imposed by the government of Myanmar since March 2020 as measures to control the spread of the Covid-19 which include the suspension of issuance of all types of visas to all foreign nationals, travel restrictions and curfews until further notice have adversely affected the operations and performance of all business segments of the Group.

As at the date of this report, there is significant uncertainty as to the timing of the expected recovery and the extent of the impact of the Covid-19 pandemic on the Group's operations and performance. As a result, the Group has incurred net loss of US\$35.97 million and net cash used in operating activities of US\$4.47 million for the financial period ended 30 September 2020. The Group's current liabilities amounting to US\$16.85 million as at 30 September 2020, including bank borrowings of US\$3.05 million are due for repayment within twelve months from the end of the financial period. However, the Group's current assets amounting to US\$3.05 million as at 30 September 2020, including the unrestricted cash and cash equivalent amount of US\$0.41 million may be insufficient to fulfil these obligations at the relevant repayment dates.

The ARMC reviewed the appropriateness of going concern basis of accounting used by the Management in the preparation of the consolidated financial statements of the Group in view of the financial position as at 30 September 2020 and the financial performance for the financial period then ended as well as the severity and the extent of the impact of the Covid-19 pandemic on the Group.

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.

- (i) Since international commercial flights have been restricted until further notice, the Group's focus has been shifted to marketing of domestic travel for this coming season. The Directors are confident that the shift of focus to domestic market would help the Group in generating some cash flows from operating activities in the next financial year;
- (ii) The Group has obtained additional borrowings amounting to US\$6.39 million, comprising a secured loan of MMK6.50 billion (equivalent to approximately US\$4.96 million) with interest rate of 10% and an unsecured loan of MMK2.00 billion (equivalent to approximately US\$1.43 million). In addition, the Group has also obtained approval from a bank to capitalise interest payable of MMK2.53 billion (equivalent to US\$2.0 million) as additional drawdown from existing loan facilities with the same terms;
- (iii) The Group is in negotiation in relation to issuance of convertible securities of up to US\$10.0 million in the form of convertible loan subject to the finalisation of the terms and conditions of the convertible loan agreement; and
- (iv) The Group continues to be prudent with its cash flow planning including the implementation of certain costs-cutting measures to reduce the operating costs, continuously working with certain major creditors with total liabilities amounting to US\$8.38 million as at 30 September 2020 on deferred repayment plans so as to closely monitor its cash flows to ensure minimal cash outflows to maintain its liquidity.

Accordingly, the ARMC is satisfied that the going concern assumptions used by Management in the preparation of the consolidated financial statements of the Group for FP2020 is appropriate and that the basis of going concern assumptions had been adequately disclosed in the financial statements.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights and Conduct of General Meetings

Engagement with Shareholders

Engagement with Stakeholders

-
- Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.
- Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.
- Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.
-

Shareholders Rights & Responsibility (Provisions 11.1 to 11.5)

Shareholders are entitled to attend the general meetings of shareholders and are given 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 Company encourages active shareholder participation at its general meetings. It delivers the notice of AGM and related information at least fourteen (14) days' in advance. The Company provides for separate resolutions at general meetings on each substantial issue, including treating the re-election of each Director as a separate subject matter unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company would explain the reasons and material implication in the notice of meeting. 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. Annual Report or circulars of the general meetings are usually 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. All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the issuer's annual report.

In view of the Covid-19 situation, the forthcoming AGM to be held in January 2021 will be held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). Alternative arrangements relating to the mode of publication of notice of AGM, despatch of annual report and proxy form, attendance at the AGM via electronic means, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the AGM. The Constitution of the Company allows a shareholder to appoint up to two (2) proxies to attend, speak 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, speak and vote at general meetings. The Company's Constitution also allows for absentia voting (including but not limited to the voting by mail, electronic mail or facsimile).

CORPORATE GOVERNANCE REPORT

Shareholders who are unable to attend the general meetings may appoint up to two (2) proxies each to attend, speak 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 the 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.

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, against or abstain 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 and relevant comments or queries from shareholders and responses from the Board and Management. These minutes can be accessed on the Company's website at <https://investors.memoriesgroup.com/> as soon as practicable. In view that the forthcoming AGM to be convened in January 2021 will be held by electronic means due to the evolving Covid-19 situation, minutes of the said AGM will be published within one (1) month after the general meeting, in accordance with the requirements under the Order.

Provision 11.6

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 the Company's financial performance, short and long term capital requirements, future investment plans, general global and business economic conditions.

For FP2020, no dividend has been recommended as the Group incurred a loss.

Communication with shareholders (Provisions 12.1 to 12.3)

The Company has in place a communication framework that disseminates timely and complete financial data, price-sensitive information and material developments to shareholders. Half-yearly and yearly 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 <https://memoriesgroup.com/>, to promote regular, effective and fair communication.

The Company's latest financial results and annual reports are available on its website. There is also a specific "Investor Relations" link and the investor relations contact 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.

In February 2020, the Company has announced that it will report its financial results on a half-yearly basis and will continue to comply with the continuing disclosure obligations under the Catalist Rules to keep stakeholders informed of material developments relating to the Company and the Group. In the same announcement, the Company also informed shareholders of the change in its existing financial year end from 31 March to 30 September.

The Company has released its full-year unaudited financial results within 60 days of the FP2020 on 27 November 2020. The Company's financial results are readily available on SGXNet and the Company's website.

CORPORATE GOVERNANCE REPORT

Role of Stakeholders (Provisions 13.1 to 13.3)

The Company values its stakeholders and has affirmed its support of the Ten Principles of the United Nations Global Compact. The Company undertakes an annual review in identifying its material stakeholders. It assesses the material environmental, social and governance factors that affects the Group and its efforts to promote the welfare of its stakeholders will be reflected in the Sustainability Report, which will be issued as a standalone report by February 2021. The Company's contact details are provided on the Company's website at <https://memoriesgroup.com/> to enable stakeholders to contact the Company.

Interested Person Transactions

The Company has adopted an internal policy governing procedure 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, and was last renewed at the Annual General Meeting held on 23 July 2019. The Company is proposing to seek shareholders' approval to renew the Shareholders' Mandate at the forthcoming AGM.

The details of interested person transactions conducted for FP2020 are set out as below:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (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 the financial period under review which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Construction Services IPTs			
SPA Design & Project Services Ltd	Associate of Yoma Strategic Holdings Ltd, Controlling Shareholder of the Company	-	US\$192,434 ^(a)
Leasing IPTs			
Yoma Development Group Limited	Associate of Yoma Strategic Holdings Ltd, Controlling Shareholder of the Company	-	US\$294,936
General IPTs			
Hlaing River Golf Club Company Limited	Associate of Mr. Serge Pun, Executive Chairman of the Company	-	US\$577,668 ^(b)

CORPORATE GOVERNANCE REPORT

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (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 the financial period under review which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Support Services IPTs			
Yoma Strategic Holdings Ltd	Controlling Shareholder of the Company	–	US\$766,927
Finance IPTs			
Myanmar Outlook Investment Company Limited	Associate of Mr. Serge Pun, Executive Chairman of the Company	–	US\$180,000
TOTAL		–	US\$2,011,965

- (a) Mostly relates to payments to third party sub-contractors paid by SPA Design and Project Services Ltd for the provision of project management services for the Group's hotels.
- (b) This account comprises mainly utility fee, a substantial part of which was paid to the government utility service provider, Yangon Electricity Supply Corporation.

With reference to the unaudited financial result announcement for financial year ended 31 March 2019 (“FY2019”) and FY2019 annual report dated 28 May 2019 and 8 July 2019 respectively, there was a one-off loan in the amount of Kyat 1.0 billion (approximately US\$0.76 million) to Pun Hlaing Lodge Company 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. The aggregate amount of interest payable is US\$373,940, of which US\$27,107 had been previously disclosed in the financial result for FY2019.

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:

- to observe insider trading laws and avoid potential conflict of interests at all times when dealing in securities;
- not to deal in the Company's shares while in possession of unpublished material price sensitive information;
- 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 (if the Company announces its quarterly financial statements, whether required by Singapore Exchange or otherwise), or one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements), and ending on the date of announcement of such results, or when they are in possession of unpublished price-sensitive information on the Company.

CORPORATE GOVERNANCE REPORT

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

CORPORATE VALUES AND CONDUCT OF BUSINESS

The Company has adopted a Code of Conduct for the Group that all directors and employees, including senior management, are required to comply with. It sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with the Company, its competitors, customers, suppliers and the community. The Code of Conduct is clearly stipulated to guide employees in carrying out their daily tasks. Measures are taken to ensure compliance with the Code of Conduct and breaches of the Code of Conduct will result in disciplinary action.

In line with the Board's commitment to maintain high ethical standards which are integral to the Company's corporate identity and business, the Company also has the following corporate policies in place:–

- (a) Anti-Bribery and Anti-Corruption Policy
- (b) Conflicts of Interest Policy
- (c) Environmental, Health and Safety Policy
- (d) Human Rights Policy
- (e) Land Acquisition Policy

These policies are available on the Company's website at <https://memoriesgroup.com/>.

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 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 their 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 was no material contract entered into by the Company involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FP2020 or if not then subsisting, entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

Non-audit fees

The aggregate amount of audit fees paid/payable to the Company's Independent Auditor, Nexia TS Public Accounting Corporation, for FP2020 was S\$235,000. No non-audit fees were paid/payable to the Independent Auditor for FP2020.

The ARMC considered 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.

Nexia TS Public Accounts Corporations has confirmed that they are registered with ACRA. The Company is thus in compliance 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 FP2020.

On the bases of the above, 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 30 September 2021.

Non-Sponsor Fee

There were no non-sponsor fees paid/payable to PrimePartners Corporate Finance Pte. Ltd. in FP2020.

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DIRECTORS' STATEMENT

For the financial period from 1 April 2019 to 30 September 2020

The Directors present their statement to the members together with the audited consolidated financial statements of the Group for the financial period from 1 April 2019 to 30 September 2020 and the statement of financial position of the Company as at 30 September 2020.

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 64 to 139 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 30 September 2020 and the financial performance, changes in equity and cash flows of the Group for the financial period covered by the consolidated financial statements; and
- (b) at the date of this statement, subject to the going concern assumptions as set out in Note 3 of the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The 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. Pun Chi Yam Cyrus
 Mr. Basil Chan
 Mr. Tun Tun
 Mr. Robin Lee Chye Beng
 Mr. Chan Chun Hung Vincent

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial period 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 period 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 30.09 2020	At 01.04.2019	At 30.09 2020	At 01.04.2019
Number of ordinary shares				
The Company				
Mr. Serge Pun @ Theim Wai	103,000	103,000	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) The Directors' interests in the ordinary shares of the Company as at 21 October 2020 were the same as those as at 30 September 2020.

DIRECTORS' STATEMENT

For the financial period from 1 April 2019 to 30 September 2020

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 with 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 Catalyst) and no participant has received 5% or more of the total number of shares available under the Memories PSP during the financial period ended 30 September 2020.

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 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 period from 1 April 2019 to 30 September 2020

AUDIT AND RISK MANAGEMENT COMMITTEE

The members of the Audit and Risk Management Committee (the “ARMC”) at the end of the financial period 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 and the audit findings 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 internal auditor; and
- the statement of financial position of the Company as at 30 September 2020 and the consolidated financial statements of the Group for the financial period ended 30 September 2020 before their submission to the 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 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 Directors

Mr. Serge Pun @ Theim Wai
Director

Mr. Pun Chi Yam Cyrus
Director

12 January 2021

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 30 September 2020, 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 period from 1 April 2019 to 30 September 2020, and notes to the financial statements, including a summary of significant accounting policies set out on pages 64 to 139.

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 30 September 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial period 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.

Material Uncertainty Related to Going Concern and Disclosure in Relation to the Effects of the Coronavirus-19 Pandemic (“Covid-19”)

We draw attention to Note 3 to the financial statements, which describes the economic consequences the Group is facing as a result of the Covid-19 which has caused a severe impact on tourism sector, the main business operations of the Group. The basis of the going concern assumption used by the Directors in the preparation of the consolidated financial statements of the Group for the financial period ended 30 September 2020 has taken into the considerations of the impact of Covid-19 pandemic.

With the evolving nature of the Covid-19 outbreak situation, extended travel restrictions and curfews were being imposed by the government of Myanmar since March 2020. Such restrictions include the suspension of issuance of all types of visa to all foreign nationals until further notice. Consequently, all business segments of the Group (i.e. Experiences, Hotels and Services) have been negatively impacted by the decline of international tourist arrivals in Myanmar. The Covid-19 outbreak situation has been gradually easing since the beginning of June 2020. However, a second wave of Covid-19 outbreak began to spread since the end of August 2020. On 21 September 2020, the government of Myanmar imposed a Yangon Regional Lockdown with stay-at-home orders, effective until further notice.

As at the date of this report, there is significant uncertainty as to the timing of the expected recovery and the extent of the impact of the Covid-19 pandemic on the Group’s operations and performance. As a result, the Group has incurred net loss of US\$35.97 million and net cash used in operating activities of US\$4.39 million for the financial period ended 30 September 2020.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

of Memories Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Material Uncertainty Related to Going Concern and Disclosure in Relation to the Effects of the Coronavirus-19 Pandemic ("Covid-19") (continued)

In addition, the Group's current liabilities amounting to US\$16.85 million as at 30 September 2020, including bank borrowings of US\$3.05 million are due for repayment within twelve months from the end of the financial period. The Group's current assets amounting to US\$3.10 million as at 30 September 2020, including the unrestricted cash and cash equivalent amount of US\$0.41 million may be insufficient to fulfil these obligations at the relevant repayment dates, notwithstanding the fact that the Group has non-current assets as at 30 September 2020 amounting to US\$74.28 million.

These events or conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, the Directors of the Company believe that the use of the going concern assumption in the preparation of the consolidated financial statements of the Group for the financial period ended 30 September 2020 is appropriate after taking into consideration the following measures and assumptions:

- (i) Since international commercial flights have been restricted until further notice, the Group's focus has been shifted to marketing of domestic travel for this coming season. The Directors are confident that the shift of focus to domestic market would help the Group in generating some cash flows from operating activities in the next financial year;
- (ii) Subsequent to the end of the financial period, the Group has obtained additional borrowings amounting to US\$6.39 million, comprising a secured loan of MMK6.50 billion (equivalent to approximately US\$4.96 million) with interest rate of 10% and an unsecured loan of MMK2.0 billion (equivalent to approximately US\$1.43 million). In addition, the Group has also obtained approval from a bank to capitalise interest paid of MMK2.53 billion (equivalent to approximately US\$2.0 million) as additional drawdown from existing loan facilities with the same terms;
- (iii) The Group is in negotiation in relation to issuance of convertible securities of up to US\$10.0 million in the form of convertible loan subject to the finalisation of the terms and conditions of the convertible loan agreement; and
- (iv) The Group continues to be prudent with its cash flow planning including the implementation of certain costs-cutting measures to reduce the operating costs, continuously working with certain major creditors with total liabilities amounting to US\$8.38 million as at 30 September 2020 on deferred repayment plans so as to closely monitor its cash flows to ensure minimal cash outflows to maintain its liquidity.

In the event that the Group and the Company are unable to continue as going concerns, adjustments may have to be made to reflect the situation that assets may need to realise other than in the amounts at which they are currently recorded in the statement of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

of Memories Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

See accounting policies in Note 2.9 (a) and significant accounting estimates in Note 4(a)

Refer to Note 18 (g) to the financial statements

Area of focus

The Group recognised goodwill and intangible assets with indefinite useful lives (trademark and brand name) from acquisition of businesses in the prior financial years and allocated these assets to the respective cash-generating units ("CGUs") at the respective acquisition dates.

These CGUs are tested for impairment annually. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of each CGU. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses.

As at 30 September 2020, management performed impairment assessment on the following goodwill and intangible assets with indefinite useful lives:

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

The recoverable amounts are determined based on estimates of forecasted revenues and operating expenses, growth rates, profit margins and discount rates. Based on the impairment test, management recognised impairment charge on goodwill amounted to US\$5.14 million as at 30 September 2020.

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, there is a high degree of estimation uncertainty inherent in estimating the duration and severity of the economic downturn caused by the Covid-19 pandemic, and the pattern of any expected recovery. As a result, the estimates and assumptions used in the cashflow projections which form the basis of the recoverable amounts attributable to the CGUs require significant judgement. These judgements require estimates to be made over forecasted revenues, growth rates, profit margins and discount rates for each CGUs.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

of Memories Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Area of focus (continued)

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

How our audit addressed the matter

We held discussions with management to understand the basis of the assumptions used in forming the estimates underpinning the assessment of the recoverable amount of the CGUs and outlook of the industries in which the CGUs operate, including the impact of the Covid-19 pandemic has on the global and Myanmar tourism industry, to understand the possible recovery scenarios. These estimates include those relating to forecasted revenues and operating expenses, growth rates, profit margins and discount rates.

We challenged management's estimates applied in the value-in-use model based on our knowledge of the CGUs' operations, and compared them against actual results, historical forecasts and performance, market data and industry trend. This included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers and the review of the secured and lost bookings. 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 evaluated management's sensitivity analysis and assessed whether reasonable changes in the key assumptions for any of the Group's CGUs would cause the carrying amounts to exceed the recoverable amounts. This include considerations of the impact of the Covid-19 pandemic and the impact to the headroom, breakeven analysis or independently derived discount rates were applied. We assessed the arithmetical accuracy of the computations used in assessing the recoverable amount of the CGUs.

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 name) in the financial statements.

Impairment of investments in subsidiary corporations, property, plant and equipment and other intangible assets

See accounting policies in Note 2.9 (b) and significant accounting estimates in Note 4(b)

Refer to Note 15, Note 16 and Note 18 (a) to the financial statements

Area of focus

As at 30 September 2020, the carrying amounts of the Group's and the Company's non-financial assets (other than goodwill and intangible assets with indefinite useful lives) are as follows:

- Investments in subsidiary corporations of US\$81.85 million;
- Property, plant and equipment on services segment of US\$0.01 million;
- Property, plant and equipment on experiences segment of US\$10.53 million; and
- Property, plant and equipment on hotels segment of US\$48.91 million.
- Customer relationship attributable to services segment of US\$0.18 million.

Management determines at the end of each reporting period the existence of any objective evidence that indicate the above non-financial assets may be impaired. If there are indicators of impairment, a detailed impairment assessment would be performed and any deficit between the recoverable amounts and the carrying values would be recognised in profit or loss.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

of Memories Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Impairment of investments in subsidiary corporations, property, plant and equipment and other intangible assets (continued)

Area of focus (continued)

The identification of different CGUs, assessment of indicators of impairment and where such indicators exist, the determination of the recoverable amounts of the CGUs require judgement. The determination of the recoverable amounts when value-in-use is applicable requires estimates of forecasted revenues and operating expenses, growth rates, profit margins and discount rates.

As a result of the Covid-19 outbreak situation explained above, tourism industry in Myanmar which is the main business operations of the Group had been severely affected. Management has performed impairment assessment for these non-financial assets. Based on the impairment test, management recognised impairment charges on the Group's property, plant and equipment and the Company's investments in subsidiary corporations amounted to US\$9.64 million and US\$14.37 million respectively as at 30 September 2020.

Due to the high degree of estimation uncertainty inherent in assessing the duration and severity of the economic downturn caused by the Covid-19 pandemic and the pattern of any expected recovery, the estimates and assumptions used in the cashflow projections to determine the recoverable amounts of the CGUs require significant judgement. This is a key area of focus for our audit.

How our audit addressed the matter

We assessed the determination of the CGUs and the assessment of indicators of impairment based on our understanding of the nature of the Group's business and the economic environment in which the CGUs operate.

We obtained an understanding of the outlook of the Myanmar tourism industry, including the impact of the Covid-19 pandemic has, to understand the possible recovery scenarios. We reviewed the CGUs' historical and current performances, and held discussions with management to understand their assessment of the future performance of the CGUs.

Where indicators of impairment exist, we challenged management's estimates applied in the value-in-use model based on our knowledge of the CGUs' operations, and compared them against actual results, historical forecasts and performance, market data and industry trend. This included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers and the review of the secured and lost bookings. 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 evaluated management's sensitivity analysis and assessed whether reasonable changes in the key assumptions for any of the Group's CGUs would cause the carrying amounts to exceed the recoverable amounts. This include considerations of the impact of the Covid-19 pandemic and the impact to the headroom, breakeven analysis or independently derived discount rates were applied. We assessed the arithmetical accuracy of the computations used in assessing the recoverable amount of the CGUs.

We also reviewed the adequacy of the disclosures made in relation to the impairment assessment of the Company's investments in subsidiary corporations and the Group's property, plant and equipment and customer relationship in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

of Memories Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

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 (continued)

- 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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 1 April 2019 to 30 September 2020

		Group	
	Note	For the financial period from 1 April 2019 to 30 September 2020 US\$'000	For the financial year from 1 April 2018 to 31 March 2019 US\$'000
Revenue	5	10,523	10,094
Cost of sales		(6,559)	(6,319)
Gross profit		<u>3,964</u>	3,775
Other (losses)/income – net	7	(14,743)	7,838
Loss allowance on trade receivables – net	30(b)	(145)	(5)
Expenses			
– Administrative		(15,387)	(8,046)
– Distribution and marketing		(506)	(407)
– Finance	8	(9,154)	(1,087)
(Loss)/Profit before income tax		<u>(35,971)</u>	2,068
Income tax credit/(expense)	10(a)	4	(60)
Net (loss)/profit attributable to equity holders of the Company		<u>(35,967)</u>	2,008
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Currency translation losses arising from consolidation	28(c)	–	(2,213)
Total comprehensive loss attributable to equity holders of the Company		<u>(35,967)</u>	(205)
(Loss)/Earnings per share attributable to equity holders of the Company (Cents per share)			
– Basic	11(a)	(7.16)	0.48
– Diluted	11(b)	(7.16)	0.48

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

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2020

	Note	Group		Company	
		30 September 2020 US\$'000	31 March 2019 US\$'000	30 September 2020 US\$'000	31 March 2019 US\$'000
ASSETS					
Current assets					
Cash and bank balances	12	406	2,265	91	91
Trade and other receivables	13	2,469	2,812	13,117	9,884
Inventories	14	220	184	–	–
		3,095	5,261	13,208	9,975
Non-current assets					
Investment in subsidiary corporations	15	–	–	67,482	81,854
Property, plant and equipment	16	49,814	61,090	–*	1
Investment properties	17	17,350	16,683	–	–
Intangible assets	18	3,941	9,237	–	–
Financial assets, at fair value through profit or loss (“FVPL”)	19	2,414	–	–	–
Other receivables	13	763	662	–	–
		74,282	87,672	67,482	81,855
Total assets		77,377	92,933	80,690	91,830
LIABILITIES					
Current liabilities					
Trade and other payables	20	13,403	12,715	15,242	13,795
Borrowings	22	3,051	1,042	–	–
Current income tax liabilities	10(b)	394	564	–	–
		16,848	14,321	15,242	13,795
Non-current liabilities					
Borrowings	22	29,927	15,511	–	–
Convertible bonds	23	3,374	–	3,374	–
Provisions	24	92	–	–	–
Deferred income tax liabilities	25	2,225	2,289	–	–
		35,618	17,800	3,374	–
Total liabilities		52,466	32,121	18,616	13,795
Net assets		24,911	60,812	62,074	78,035
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	26	84,544	84,472	84,839	84,767
Other reserves	28	(19,558)	(22,050)	585	591
Accumulated losses		(40,075)	(1,610)	(23,350)	(7,323)
Total equity		24,911	60,812	62,074	78,035

* – amount less than US\$1,000

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 April 2019 to 30 September 2020

		Attributable to equity holders of the Company							Equity component of convertible bonds		Total equity	
Note		Share capital	Capital reserve	Merger reserve	Translation reserve	Performance share reserve		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
	2020											
	Balance as at 1 April 2019	84,472	566	(20,190)	(2,498)	72	-	-	(1,610)	60,812		
26	Issuance of new shares	72	-	-	-	(72)	-	-	-	-		
	Effect of change in functional currency of subsidiary corporation	-	-	-	2,498	-	-	-	(2,498)	-		
28(c)	Equity component of convertible bonds	-	-	-	-	-	66	-	-	66		
28(e)	Total comprehensive loss for the financial period	-	-	-	-	-	-	-	(35,967)	(35,967)		
	Balance as at 30 September 2020	84,544	566	(20,190)	-	-	66	(40,075)	24,911			
	2019											
	Balance as at 1 April 2018	67,902	-	(20,190)	(285)	-	-	-	(3,618)	43,809		
26	Issuance of new shares	16,570	-	-	-	-	-	-	-	16,570		
34(a)	Shares to be issued	-	566	-	-	-	-	-	-	566		
27	Performance share expense	-	-	-	-	72	-	-	-	72		
	Total comprehensive (loss)/income for the financial year	-	-	-	(2,213)	-	-	-	2,008	(205)		
	Balance as at 31 March 2019	84,472	566	(20,190)	(2,498)	72	-	(1,610)	60,812			

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 1 April 2019 to 30 September 2020

	Note	Group	
		For the financial period from 1 April 2019 to 30 September 2020 US\$'000	For the financial year from 1 April 2018 to 31 March 2019 US\$'000
Cash flows from operating activities			
Net (loss)/profit		(35,967)	2,008
Adjustments for:			
– Income tax (credit)/expense	10(a)	(4)	60
– Interest income from bank deposit	7	–	(12)
– Interest income from other receivables	7	(130)	–
– Depreciation of property, plant and equipment	6	4,281	1,405
– Amortisation of intangible assets	6	161	367
– Impairment loss on goodwill	7	5,135	–
– Impairment loss on property, plant and equipment	7	9,639	–
– Gain on bargain purchase	7	–	(7,673)
– Fair value loss on financial assets, at FVPL	7	776	–
– Fair value gain on investment properties	7	(402)	–
– Loss on disposal of property, plant and equipment	7	18	4
– Performance share expense	9	–	72
– Interest expenses	8	5,378	660
– Unrealised currency translation loss/(gain)		3,637	(987)
Operating cash flows before changes in working capital		(7,478)	(4,096)
Changes in working capital, net of effects from acquisition of subsidiary corporations:			
– Inventories		(36)	(25)
– Trade and other receivables		439	774
– Trade and other payables		2,915	(351)
Cash used in from operations		(4,160)	(3,698)
Interest received		–	12
Income tax paid	10(b)	(230)	(141)
Net cash used in operating activities		(4,390)	(3,827)
Cash flows from investing activities			
Acquisition of subsidiary corporations and businesses, net of cash acquired	34(b)	–	(9,954)
Payment of consideration for acquisition of business	20	(2,324)	–
Additions to property, plant and equipment		(1,016)	(8,211)
Proceeds from disposal of property, plant and equipment		6	–
Net cash used in investing activities		(3,334)	(18,165)
Cash flows from financing activities			
Proceeds from borrowings		11,003	16,545
Interest paid		(5,000)	(688)
Repayment of borrowings		(130)	–
Non-current receivable		–	(662)
Net cash provided by financing activities		5,873	15,195

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 1 April 2019 to 30 September 2020

	Note	Group	
		For the financial period from 1 April 2019 to 30 September 2020 US\$'000	For the financial year from 1 April 2018 to 31 March 2019 US\$'000
Net decrease in cash and cash equivalents		(1,851)	(6,797)
Cash and cash equivalents at beginning of financial period/year		2,265	9,075
Effects of currency translation on cash and cash equivalents		(8)	(13)
Cash and cash equivalents at end of financial period/year	12	406	2,265

Reconciliation of liabilities arising from financing activities:

	1 April 2019 US\$'000	Proceeds from borrowings US\$'000	Principal and interest payment US\$'000	Adoption of SFRS(I) 16 US\$'000	Non-cash changes			30 September 2020 US\$'000
					Addition during the financial period US\$'000	Foreign exchange movement US\$000	Interest expense US\$'000	
Bank borrowings	16,553	11,003	(4,667)	-	-	3,727	4,716	31,332
Lease liabilities	-	-	(463)	1,702	71	3	333	1,646
Convertible bonds	-	-	-	-	3,124	-	250	3,374
Other payables	622	-	-	-	-	-	79	701

	1 April 2018 US\$'000	Proceeds from borrowings US\$'000	interest payment US\$'000	Addition during the financial year US\$'000	Foreign exchange movement US\$000	Interest expense US\$'000	31 March 2019
							US\$'000
Bank borrowings	-	16,545	(688)	-	36	660	16,553
Other payables	-	-	-	620	-	-	620

Non-cash transactions:

On 30 April 2019, the Group vested and released 500,000 ordinary shares being the balance 50% of the Shares Award amounted to US\$72,000.

On 15 May 2019, the Group acquired financial assets classified as at FVPL amounted to US\$3,190,000 by way of the issuance of unlisted convertible bonds in aggregate amount of US\$3,190,000 at a coupon rate of 5% per annum.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

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

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 63 Mohamed Sultan Road, #02-14 Sultan-Link, Singapore 239002.

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 15 of the financial statements.

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 3 and Note 4.

Interpretations and amendments to published standard effective in 2019

On 1 April 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 *Leases*.

Adoption of SFRS(I) 16 Leases

When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the statements of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group’s accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.15.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Adoption of SFRS(I) 16 Leases (continued)

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

- (i) For all contracts entered into before 1 April 2019 and that were previously identified as leases under SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and
- (ii) On a lease-by-lease basis, the Group has:
 - (a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
 - (b) accounted for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
 - (c) excluded initial direct costs in the measurement of the right-of-use (“ROU”) asset at the date of initial application; and
 - (d) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 April 2019.

For leases previously classified as operating leases on 1 April 2019, the Group has applied the following transition provisions:

- (i) On a lease-by-lease basis, the Group chose to measure its ROU assets at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. For ROU assets which meet the definition of an investment property, the Group had measured the ROU assets at their fair values at 1 April 2019.
- (ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 April 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

The effects of adoption of SFRS(I) 16 on the Group’s financial statements as at 1 April 2019 are as follows:

	Increase/ (Decrease) US\$’000
Property, plant and equipment (Note 16)	1,563
Investment properties (Note 17)	265
Prepayment	(34)
Lease liabilities	1,702
Provisions	92

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Adoption of SFRS(I) 16 Leases (continued)

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 March 2019 and the lease liabilities recognised in the statement of financial position as at 1 April 2019 are as follows:

	U\$'000
Operating lease commitment disclosed as at 31 March 2019	2,366
Less: Short-term leases	(92)
Less: Discounting effects using weighted average incremental borrowing rate of 13%	(572)
Lease liabilities recognised as at 1 April 2019	<u>1,702</u>

2.2 Revenue

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.

SFRS(I) 15 *Revenue from Contracts with Customers* 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.

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. There is judgement involved in determining when revenue should be recognised.

Revenue arising from destination management, cruise service and accommodation 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 it performs.

Interest income are recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 period from 1 April 2019 to 30 September 2020

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) *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 period from 1 April 2019 to 30 September 2020

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*

The freehold land is not depreciated. Depreciation of other 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
ROU assets – property	2 – 15 years
ROU assets – motor vehicles	3 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (continued)

(c) *Provision for dismantlement, removal or restoration*

The initial estimate of the cost of dismantlement, removal or restoration is recognised as part of the cost of property, plant and equipment if such obligation is incurred as a consequence of using the asset during a particular period for purposes other than to produce inventories during that period.

(d) *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.

(e) *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 (losses)/income – 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 name*

Brand name 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets

(a) *Goodwill*

Intangible assets with indefinite useful lives (trademark and brand name)

Goodwill and intangible assets with indefinite useful lives (trademark and brand name) recognised separately as intangible assets are tested for impairment annually and whenever there is indication that the goodwill or intangible assets with indefinite useful lives (trademark and brand name) may be impaired. For the purpose of impairment testing of goodwill and intangible assets with indefinite useful lives (trademark and brand name), goodwill and intangible assets with indefinite useful lives (trademark and brand name) 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 name), exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period. 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*

Investment in subsidiary corporations

Property, plant and equipment

Customer relationship

Other intangible assets, investment in subsidiary corporations, property, plant and equipment and customer relationship 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (continued)

(b) *Other intangible assets*

Investment in subsidiary corporations

Property, plant and equipment

Customer relationship (continued)

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.10 Financial assets

(a) *Classification and measurement*

The Group classifies its financial assets in the following measurement categories:

- Amortised costs; and
- Fair value through profit or loss (FVPL).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(a) *Classification and measurement (continued)*

At subsequent measurement

(i) *Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

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.

(ii) *Equity investments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) *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 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Note 30(b) to the financial statements provides further disclosure on the impairment policy.

(c) *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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(c) *Recognition and derecognition (continued)*

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.

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.

(a) *Borrowings*

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.

(b) *Convertible bonds*

The total proceeds from convertible bonds issued are allocated to the liability component and the equity component, which are separately presented on the statement of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods.

When the conversion option is exercised, its carrying amount is transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.15 Leases

The accounting policy for leases before 1 April 2019 are as follows:

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.

The accounting policy for leases from 1 April 2019 are as follows:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The right-of-use assets are presented as a separate line in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

When the Group is the lessee (continued)

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments consist of the fixed payment (including in-substance fixed payments), less any lease incentives receivables.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
- (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 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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.

2.21 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.

2.22 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 period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Currency translation

(a) *Functional and presentation currency*

Items included in the consolidated financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements 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.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within “finance expense”. All other foreign exchange gains and losses impacting profit or loss are presented in profit or loss within “Other (losses)/income-net”.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 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.

3. GOING CONCERN

With the evolving nature of the Covid-19 outbreak situation, extended travel restrictions and curfews were being imposed by the government of Myanmar since March 2020. Such restrictions include the suspension of issuance of all types of visa to all foreign nationals until further notice. Consequently, all business segments of the Group (i.e. Experiences, Hotels and Services) have been negatively impacted by the decline of international tourist arrivals in Myanmar. The Covid-19 outbreak situation has been gradually easing since the beginning of June 2020. However, a second wave of Covid-19 outbreak began to spread since the end of August 2020. On 21 September 2020, the government of Myanmar imposed a Yangon Regional Lockdown with stay-at-home orders, effective until further notice.

As of the date of this report, three of the Group's five hotels are temporarily closed due to Covid-19 related travel restrictions. The fourth hotel, being Awei Pila, is currently closed due to the monsoon season which is typical for this time of the year. However, the post-monsoon re-opening which was originally planned for end of October has been postponed till beginning of January 2021, pending the relaxation of the government's travel restrictions. The Group's fifth hotel, Awei Metta, is continuing its operations to serve several long-stay guests and other customers. Like Awei Pila, the recommencement of Balloon-Over-Bagan's and Burma Boating's season are deferred until early January 2021.

Amidst the present market slow-down due to the Covid-19 pandemic, the Group's cash flows and performance have been impacted adversely as there is still uncertainty when the travel restrictions will be lifted by the relevant authorities. As at the date of this report, there is significant uncertainty as to the timing of the expected recovery and the extent of the impact on the Group's operations and performance.

As a result, the Group has incurred net loss of US\$35.97 million and net cash used in operating activities of US\$4.39 million for the financial period ended 30 September 2020. In addition, the Group's current liabilities amounting to US\$16.85 million as at 30 September 2020, including bank borrowings of US\$3.05 million are due for repayment within twelve months from the end of the financial period. However, the Group's current assets amounting to US\$3.10 million as at 30 September 2020, including the unrestricted cash and cash equivalent amount of US\$0.41 million may be insufficient to fulfil these obligations at the relevant repayment dates, notwithstanding the fact that the Group has non-current assets as at 30 September 2020 amounting to US\$74.28 million.

These events or conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, the Directors of the Company believe that the use of the going concern assumption in the preparation of the consolidated financial statements of the Group for the financial period ended 30 September 2020 is appropriate after taking into consideration the following measures and assumptions:

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

3. GOING CONCERN (CONTINUED)

- (i) Since international commercial flights have been restricted until further notice, the Group's focus has been shifted to marketing of domestic travel for this coming season. The Directors are confident that the shift of focus to domestic market would help the Group in generating some cash flows from operating activities in the next financial year;
- (ii) Subsequent to the end of the financial period, the Group has obtained additional borrowings amounting to US\$6.39 million, comprising a secured loan of MMK6.50 billion (equivalent to approximately US\$4.96 million) with interest rate of 10% and an unsecured loan of MMK2.0 billion (equivalent to approximately US\$1.43 million). In addition, the Group has also obtained approval from a bank to capitalise interest paid of MMK2.53 billion (equivalent to approximately US\$2.0 million) as additional drawdown from existing loan facilities with the same terms;
- (iii) The Group is in negotiation in relation to issuance of convertible securities of up to US\$10.0 million in the form of convertible loan subject to the finalisation of the terms and conditions of the convertible loan agreement; and
- (iv) The Group continues to be prudent with its cash flow planning including the implementation of certain costs-cutting measures to reduce the operating costs, continuously working with certain major creditors with total liabilities amounting to US\$8.38 million as at 30 September 2020 on deferred repayment plans so as to closely monitor its cash flows to ensure minimal cash outflows to maintain its liquidity.

In the event that the Group and the Company are unable to continue as going concerns, adjustments may have to be made to reflect the situation that assets may need to realise other than in the amounts at which they are currently recorded in the statement of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current.

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 name)

Goodwill and intangible assets with indefinite useful lives (trademark and brand name) are tested for impairment annually and whenever there is indication that the goodwill and intangible assets with indefinite useful lives (trademark and brand name) may be impaired. In performing the impairment assessment of the carrying amount of goodwill and intangible assets with indefinite useful lives (trademark and brand name), the recoverable amounts of cash – generating units (“CGUs”) in which goodwill and intangible assets with indefinite useful lives (trademark and brand name) have been attributable to, are determined using value-in-use (“VIU”) calculation. The carrying amounts of the Group's goodwill, trademark and brand name at the end of the reporting date are disclosed in Note 18(b), Note 18(c) and Note 18(d) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

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

(a) Impairment of goodwill and intangible assets with indefinite useful lives (trademark and brand name) (continued)

Significant judgements are used to estimate the forecasted revenue and operating expenses growth rates, profit margin and 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 18(g).

Management has assessed that the recoverable amounts (i.e. VIU) of the CGUs are lower than the carrying values of the CGUs, and impairment losses amounting to US\$5,135,000 are recognised accordingly [Note 18(b)].

(b) Impairment of other non-financial assets

Other non-financial assets such as investments in subsidiary corporations, property, plant and equipment and intangible assets (with definite useful lives) are tested for 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. The carrying amounts of the Company's investments in subsidiary corporations and the Group's property, plant and equipment and customer relationship are disclosed in Note 15, Note 16 and Note 18(a) respectively.

Management has assessed that due to the severe impact of the Covid-19 pandemic on the Group business operations, management has carried out the impairment assessment on the other non-financial assets. Based on the impairment assessments, 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 losses on investments in subsidiary corporations and property, plant and equipment amounted to US\$14,373,000 and US\$9,639,000 respectively are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

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

(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 16 and Note 18 respectively.

If the estimated useful lives of property, plant and equipment and intangible assets increase or 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\$441,000 and US\$27,000 or US\$645,000 and US\$40,000 (31 March 2019: US\$155,000 and US\$83,000 or US\$226,000 and US\$157,000) higher or lower respectively.

(d) Leases

The application of SFRS(I)16 *Leases* requires the Group to exercise judgement and estimates in applying transition options and practical expedients, and in the determination of key assumptions used in measuring the lease liabilities. Key assumptions include lease terms and discount rates on the lease payments.

In determining the lease term, the Group considers all relevant facts and circumstances that create an economic incentive for the Group to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the Group is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

The lease payments are discounted using the rate implicit in the lease or the Group's incremental borrowing rate. This requires the Group to estimate the rate of interest that it would have to pay to borrow the funds to obtain a similar asset over a similar term.

The incremental borrowing rate applied to lease liabilities as at the date of initial adoption was 13% for all leases. The carrying amount of lease liabilities of the Group as at 30 September 2020 was US\$1,646,000.

Changes in these assumptions may significantly impact the measurement of the lease liabilities.

The accounting policies for leases are stated in Note 2.15. The effects of the implementation of SFRS(I) 16 have been disclosed in Note 2.1.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

5. REVENUE

(a) Disaggregation of revenue

	Group	
	For the financial period from 1 April 2019 to 30 September 2020 US\$'000	For the financial year from 1 April 2018 to 31 March 2019 US\$'000
<u>Product or service lines</u>		
<u>Sale of goods</u>		
– Goods and merchandise	200	38
– Food and beverages	953	342
	1,153	380
<u>Rendering of services</u>		
– Hot air balloon services	5,220	5,653
– Destination management services	1,769	2,507
– Cruise services	230	772
	7,219	8,932
Accommodation revenue	2,151	782
	10,523	10,094
<u>Business segments</u>		
Services	1,769	2,508
Experiences	5,459	6,428
Hotels	3,295	1,158
	10,523	10,094
<u>Timing of transfer of goods or services</u>		
At a point in time	6,373	6,033
Over time	4,150	4,061
	10,523	10,094

(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.

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.

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 period from 1 April 2019 to 30 September 2020

6. EXPENSES BY NATURE

	Group	
	For the financial period from 1 April 2019 to 30 September 2020 US\$'000	For the financial year from 1 April 2018 to 31 March 2019 US\$'000
Amortisation of intangible assets [Note 18(e)]	161	367
Depreciation of property, plant and equipment (Note 16)	4,281	1,405
Purchase of inventories	914	441
Advertisement	68	46
Marketing and commission	424	352
Rental expenses on short-term leases/operating leases	124	321
Employee compensation (Note 9)	8,635	4,959
Professional fees	269	322
Fees on audit services paid/payable to:		
– Auditor of the Company	170	133
– Other auditor	43	50
Total fees on audit services	213	183
Travelling and related costs	543	356
Hot air balloon operating costs	1,113	1,154
Service providers' costs	1,403	2,180
Cruise operating costs	288	717
Hotel operating costs	529	798
Utilities expenses	646	71
Others	2,877	1,150
Changes in inventories	(36)	(50)
Total cost of sales, administrative, and distribution and marketing expenses	22,452	14,772

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

7. OTHER (LOSSES)/INCOME – NET

	Group	
	For the financial period from 1 April 2019 to 30 September 2020 US\$'000	For the financial year from 1 April 2018 to 31 March 2019 US\$'000
Currency translation gains, net	202	70
Fair value gain on investment properties (Note 17)	402	–
Fair value loss on financial assets at FVPL (Note 19)	(776)	–
Gain on bargain purchase [Note 34(c)]	–	7,673
Interest income from bank deposit	–	12
Interest income from other receivables	130	–
Impairment loss on goodwill [Note 18(b)]	(5,135)	–
Impairment loss on property plant and equipment (Note 16)	(9,639)	–
Loss on disposal of property, plant and equipment	(18)	(4)
Others	91	87
	(14,743)	7,838

8. FINANCE EXPENSES

	Group	
	For the financial period from 1 April 2019 to 30 September 2020 US\$'000	For the financial year from 1 April 2018 to 31 March 2019 US\$'000
Interest expense on bank borrowings	4,716	660
Interest expense on lease liabilities [Note 21(c)]	333	–
Interest expense on convertible bonds (Note 23)	250	–
Interest expense on other payables	79	–
	5,378	660
Finance charges	36	80
Currency translation loss, net	3,740	347
	9,154	1,087

9. EMPLOYEE COMPENSATION

	Group	
	For the financial period from 1 April 2019 to 30 September 2020 US\$'000	For the financial year from 1 April 2018 to 31 March 2019 US\$'000
Wages and salaries	7,238	3,917
Employer's contribution to defined contribution plans	55	10
Performance share expense	–	72
Other short-term benefits	1,342	960
	8,635	4,959

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

10. INCOME TAXES

(a) Income tax expense

	Group	
	For the financial period from 1 April 2019 to 30 September 2020 US\$'000	For the financial year from 1 April 2018 to 31 March 2019 US\$'000
Tax (credit)/expense attributable to profit or loss is made up of:		
Profit for the financial period/year:		
Current income tax		
– Singapore	6	–
– Foreign (Myanmar)	2	180
	8	180
Deferred income tax	(64)	(108)
	(56)	72
Under/(Over) – provision of current income tax in prior financial years:		
– Foreign (Myanmar)	52	(12)
	(4)	60

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

	Group	
	For the financial period from 1 April 2019 to 30 September 2020 US\$'000	For the financial year from 1 April 2018 to 31 March 2019 US\$'000
(Loss)/Profit before income tax	(35,971)	2,068
Tax calculated at a tax rate of 17% (31 March 2019: 17%)	(6,115)	352
Effects of:		
– different tax rate in other country	(1,486)	(276)
– expenses not deductible for tax purposes	7,565	1,436
– income not subject to tax	(20)	(1,440)
– under/(over)-provision of tax in prior financial years	52	(12)
Income tax (credit)/expense	(4)	60

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

10. INCOME TAXES (CONTINUED)

(b) Movement in current tax liabilities

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Beginning of financial period/year	564	537
Income tax expense	8	180
Income tax paid	(230)	(141)
Under/(Over) – provision in prior financial years	52	(12)
End of financial period/year	394	564

11. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

	Group	
	For the financial period from 1 April 2019 to 30 September 2020	For the financial year from 1 April 2018 to 31 March 2019
Net (loss)/profit attributable to equity holders of the Company (US\$'000)	(35,967)	2,008
Weighted average number of ordinary shares outstanding for basic (loss)/earnings per share ('000)	502,171	417,442
Basic (loss)/earnings per share (cents)	(7.16)	0.48

(b) Diluted (loss)/earnings per share

For the purpose of calculating diluted (loss)/earnings per share, the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares in relation to performance shares [Note 28(d)], 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 28(a)] and convertible bonds (Note 23).

The weighted average number of shares in issue for the purpose of calculating diluted (loss)/earnings per share had been adjusted as if all performance share awards are vested and released, the additional issuances of shares to the vendors are issued and the convertible bonds are converted into ordinary shares at issuance at the end of financial year. No adjustment is made to the net (loss)/profit, except for the adjustment to eliminate the interest expense less the tax effect.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

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

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

	Group	
	For the financial period from 1 April 2019 to 30 September 2020	For the financial year from 1 April 2018 to 31 March 2019
Net (loss)/profit attributable to equity holders of the Company (US\$'000)	(35,967)	2,008
Add: Interest expense on convertible bonds	250	–
Adjusted (loss)/profit attributable to equity holders of the Company (US\$'000)	(35,717)	2,008
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	502,171	417,442
Adjusted for ('000)		
– Performance shares [Note 28(d)]	–	500
– Shares to be issued [Note 28(a)]	3,891	3,891
– Convertible bonds [Note 23]	19,830	–
Weighted average number of ordinary shares outstanding for diluted (loss)/earnings per share ('000)	525,892	421,833
Diluted (loss)/earnings per share (cents)	(7.16)*	0.48

* The diluted loss per share computations have not taken into consideration the effects of the shares to be issued and convertible bonds as at 30 September 2020, as they were anti-dilutive pursuant to para 41 of SFRS(I) 33 *Earnings per Share*.

12. CASH AND BANK BALANCES

	Group		Company	
	30 September 2020 US\$'000	31 March 2019 US\$'000	30 September 2020 US\$'000	31 March 2019 US\$'000
Cash and bank balances	406	2,265	91	91

Please refer to Note 34(b) for the effects of acquisition of subsidiary corporations on cash flows of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	30 September 2020 US\$'000	31 March 2019 US\$'000	30 September 2020 US\$'000	31 March 2019 US\$'000
Current				
Trade receivables				
– Non-related parties	620	650	–	–
– Related parties	186	34	–	–
Less: Loss allowance [Note 30(b)]	(181)	(36)	–	–
Trade receivables – net	625	648	–	–
Non-trade receivables				
– Non-related parties	373	461	4	–
– Related parties	1,026	680	–	–
– Subsidiary corporations	–	–	13,106	9,865
	1,399	1,141	13,110	9,865
Deposits	224	289	–	1
Prepayment	221	734	7	18
	2,469	2,812	13,117	9,884
Non-current				
Non-trade receivables – related party	763	662	–	–

Non-trade receivables from related parties and subsidiary corporations are interest-free, unsecured and are receivable on demand except for an amount of US\$763,000 (31 March 2019: US\$662,000) to a related party which bears market interest rate of 10.5% (31 March 2019: 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 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 22).

14. INVENTORIES

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Consumables	220	184

The cost of inventories recognised as an expense and included in “cost of sales” amounted to US\$878,000 (31 March 2019: US\$391,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	30 September 2020 US\$'000	31 March 2019 US\$'000
<i>Equity investment at cost</i>		
Beginning of financial period/year	81,854	52,112
Acquisition of subsidiary corporations [Note 34(a)]	–	29,742
Impairment losses	(14,372)	–
End of financial period/year	67,482	81,854

During the financial period ended 30 September 2020, impairment losses as of US\$14,373,000 (31 March 2019: Nil) was recognised for the Company's investments in subsidiary corporations. The impairment losses were made to write down the carrying amounts of investments in subsidiary corporations to their recoverable amounts following the impairment review as determined based on value-in-use calculation. The key assumption used in the impairment assessment are as disclosed in Note 16 and Note 18(g).

The Group had the following subsidiary corporations as at 30 September 2020 and 31 March 2019:

Name of subsidiary corporation	Principal activities	Country of incorporation/ Principal place of business	Proportion of ordinary shares held by the Group	
			30 September 2020	31 March 2019
<u>Held by the Company</u>				
MM (Myanmar) Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100%	100%
SM Asset Holdings Pte. Ltd. ("SMAH") ⁽¹⁾	Investment holding	Singapore	100%	100%
<u>Subsidiary corporations of MM Myanmar Pte. Ltd.</u>				
MM (PHL) Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100%	100%
MM (BOB) Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100%	100%
MM (DMC) Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100%	100%
MM (HAL) Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100%	100%
MM (BL) Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100%	100%
Burma Boating Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100%	100%
Memories Myanmar International Travel Service (Dalian) Co., Ltd. ⁽⁷⁾	Provision of marketing activities of new tourism business	People's Republic of China	100%	–
Memories Myanmar F&B Management Company Limited ⁽²⁾⁽⁷⁾	Provision of restaurant management services	Myanmar	100%	–
Memories Myanmar Hotel Management Company Limited ⁽²⁾⁽⁷⁾	Provision of hotel management services	Myanmar	100%	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group had the following subsidiary corporations as at 30 September 2020 and 31 March 2019: (continued)

Name of subsidiary corporation	Principal activities	Country of incorporation/ Principal place of business	Proportion of ordinary shares held by the Group	
			30 September 2020	31 March 2019
<u>Subsidiary corporation of MM (PHL) Pte. Ltd.</u>				
Pun Hlaing Lodge Hotel Management Limited ("PHLHML") ⁽²⁾	Hotel development	Myanmar	100%	100%
<u>Subsidiary corporation of MM (BOB) Pte. Ltd.</u>				
Shwe Lay Ta Gun Travels & Tours Company Limited ("SLTG") ⁽²⁾⁽³⁾	Provision of hot air balloon services	Myanmar	100%	100%
<u>Subsidiary corporation of MM (DMC) Pte. Ltd.</u>				
Asia Holidays Travels & Tours Company Limited ("AHTT") ⁽²⁾⁽⁴⁾	Provision of tour operator and travel agency businesses	Myanmar	100%	100%
Memories Myanmar Travel Limited ("MRTL") ⁽²⁾⁽⁷⁾⁽⁸⁾	Provision of tour operator and travel agency businesses	Myanmar	100%	–
<u>Subsidiary corporations of MM (HAL) Pte. Ltd.</u>				
Hpa An Traditional Lodge Limited ("HATTL") ⁽²⁾	Operation of restaurants and related services, and management of hotel and related hospitality businesses	Myanmar	100%	100%
Traditional Lodge Hotel Company Limited ("TLH") ⁽²⁾⁽⁵⁾	Provision of lodge services	Myanmar	100%	100%
Keinara Loikaw Company Limited ("KLCL") ⁽²⁾	Provision of lodge services	Myanmar	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group had the following subsidiary corporations as at 30 September 2020 and 31 March 2019: (continued)

Name of subsidiary corporation	Principal activities	Country of incorporation/ Principal place of business	Proportion of ordinary shares held by the Group	
			30 September 2020	31 March 2019
<u>Subsidiary corporations of MM (BL) Pte. Ltd.</u>				
Riverside Bagan Limited ("RBL") ⁽²⁾	Operation of restaurants and related services, and management of hotel and related hospitality businesses	Myanmar	100%	100%
Chindwin Investments Limited ("CIL") ⁽²⁾	Investment holding	Myanmar	100%	100%
<u>Subsidiary corporation of Burma Boating Pte. Ltd.</u>				
Burma Boating Company Limited ("BBCL") ⁽²⁾	Provision of cruise services	Myanmar	100%	100%
Mergui International Co.,Ltd. ⁽⁷⁾⁽⁹⁾	To sell shares at the price higher than par value	Thailand	100%	–
Mergui Memories International Co.,Ltd. ⁽⁷⁾⁽⁹⁾	Provision of cruise services	Thailand	100%	–
<u>Subsidiary corporations of SM Asset Holdings Pte. Ltd.</u>				
Mokan (S) Pte. Ltd. ("Mokan") ⁽¹⁾⁽⁶⁾	Investment holding	Singapore	100%	100%
SM Mawlamyaing Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100%	100%
<u>Subsidiary corporation of Mokan (S) Pte. Ltd.</u>				
Mokan International Company Limited ("MICL") ⁽²⁾	Hotel development	Myanmar	100%	100%
<u>Subsidiary corporation of SM Mawlamyaing Pte. Ltd.</u>				
SM Mawlamyaing Hotel Limited ("SMMHL") ⁽²⁾	Hotel development	Myanmar	100%	100%
Southern Myanmar Capital Limited ("SMC") ⁽²⁾	Hotel development	Myanmar	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

15. 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.
- (7) These are newly incorporated subsidiary corporations of the Group which do not contributed significantly to the Group for the financial period ended 30 September 2020.
- (8) MM (DMC) Pte. Ltd. holds the legal and beneficial ownership of 35% of the issued share capital of MMTL and economic interests in respect of the remaining 65% of the issued share capital of MMTL and certain powers and authority over such shares.
- (9) Burma Boating Pte. Ltd. holds the legal and beneficial ownership of 48% of the issued share capital of Mergui International Co., Ltd and Mergui Memories International Co., Ltd and economic interests in respect of the remaining 52% of the issued share capital and certain powers and authority over such shares.

Significant restrictions

Cash and bank balances of US\$269,000 (31 March 2019: US\$874,000) 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 period from 1 April 2019 to 30 September 2020

16. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings		Machinery, facilities and equipment		Renovation	Motor vehicles	Furniture and office equipment	Hot air balloons and equipment	Yacht and vessels	Construction in-progress	Total
	US\$'000	US\$'000	US\$'000	US\$'000							
30 September 2020											
<i>Cost</i>											
Beginning of financial period	47,311	1,638	288	949	3,341	1,967	1,417	6,769	63,680		
Adoption of SFRS(I) 16 (Note 2.1)	1,506	–	–	57	–	–	–	–	1,563		
Additions	90	40	12	24	131	275	242	291	1,105		
Disposals/write-offs	–	–	–	–	(1)	–	(28)	–	(29)		
End of financial period	48,907	1,678	300	1,030	3,471	2,242	1,631	7,060	66,319		
<i>Accumulated depreciation and impairment losses</i>											
Beginning of financial period	563	165	33	541	398	784	106	–	2,590		
Depreciation charges (Note 6)	1,803	319	65	245	1,099	524	226	–	4,281		
Disposals/write-offs	–	–	–	–	(1)	–	(4)	–	(5)		
Impairment loss (Note 7)	8,851	217	1	6	390	–	174	–	9,639		
End of financial period	11,217	701	99	792	1,886	1,308	502	–	16,505		
Net book value											
End of financial period	37,690	977	201	238	1,585	934	1,129	7,060	49,814		

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Machinery, facilities and equipment		Renovation	Motor vehicles	Furniture and office equipment	Hot air balloons and equipment	Yacht and vessels	Construction in-progress	Total
	Land and buildings	US\$'000							
31 March 2019									
Cost									
Beginning of financial year	8,279	228	54	833	290	1,941	650	19,347	31,622
Acquisition of subsidiary incorporations and business [Note 34(c)]	7,359	338	-	97	36	-	373	14,653	22,856
Additions	1,754	88	234	32	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	288	949	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
Net book value									
End of financial year	46,748	1,473	255	408	2,943	1,183	1,311	6,769	61,090

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

Property, plant and equipment as at 30 September 2020 represent the net book value of computer amounting to US\$307 (31 March 2019: US\$1,000).

- (a) Several plots of land of the Group with an aggregate net book value of US\$9,267,000 as at 30 September 2020 (31 March 2019: US\$9,351,000) are pledged as collateral for the borrowings of the Group [Note 22(a)].
- (b) Included in additions of property, plant and equipment during the financial period ended 30 September 2020 are remaining consideration payables to contractors and retention payables to contractors amounted to US\$18,000 (31 March 2019: US\$6,268,000).
- (c) Proceeds from disposals of US\$81,000 during the financial year ended 31 March 2019 was offset against non-trade receivables from related parties.
- (d) Right-of-use assets acquired under leasing agreements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 21(a).

Impairment of property, plant and equipment

The Group has identified the cash generating units (“CGUs”) to be the respective subsidiary corporations to which the property, plant and equipment and right-of-use assets belong. Management has considered the severe impact of the Covid-19 pandemic and the performance of the CGUs as indicators that the property, plant and equipment may be impaired.

Cash flow projections used in the value-in-use 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Key assumptions used for value-in-use-calculations:

	Average budgeted gross margin 30 September 2020 US\$'000	Perpetual growth rate 30 September 2020 US\$'000	Pre-tax Discount rate 30 September 2020 US\$'000
Hotels			
TLH	72.0%	3.0%	16.7%
PHLHML	67.0%	3.0%	16.1%
MICL	71.0%	3.0%	16.6%
SMMHL	85.0%	3.0%	16.9%
KLCL	73.0%	3.0%	16.5%
Experiences			
BBPL	13.0%	3.0%	14.3%
SLTG	76.0%	3.0%	17.3%

During the financial period, the Group recognised total impairment charge of US\$9,639,000 (31 March 2019: Nil) on property, plant and equipment of hotels segment and experiences segment amounting to US\$9,630,000 and US\$9,000 respectively. The impairment loss representing the write-down on the excess of the carrying amount over the recoverable amount of the relevant property, plant and equipment and right-of-use assets and are included within "Other (losses)/income – net" in profit or loss. The impairment charge in the financial period has arisen due to the Covid-19 pandemic impact. As the carrying amount of the CGUs has been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of the recoverable amount would result in further impairment loss.

Sensitivity analysis for the financial period ended 30 September 2020

After recognition of impairment loss for financial period ended 30 September 2020, the recoverable amounts of the CGUs are equal to the carrying amounts. Therefore, any adverse movement in a key assumption would lead to further impairment. The following changes in assumptions would have resulted in a significant increase in the impairment loss as follows:

	Hotels US\$'000	Experiences US\$'000	Total US\$'000
An increase of 1% in discount rate	3,605	60	3,665
A decrease of 1% in perpetual growth rate	2,350	42	2,392
A decrease of 1% in gross profit margin	778	53	831

For one of the CGUs, SLTG in experiences segment, the recoverable amount is significantly higher than the carrying amount. It is unlikely that any adverse change in key assumption made by management would result in the recoverable amount will not be lower than carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

17. INVESTMENT PROPERTIES

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Beginning of financial period/year	16,683	–
Adoption of SFRS(I) 16 [Note 2.1]	265	–
	16,948	–
Acquisition of subsidiary corporations [Note 34(c)]	–	16,683
Fair value gain recognised in profit or loss (Note 7)	402	–
End of financial period/year	17,350	16,683

- (a) The investment properties relate to the undeveloped land development rights held for capital appreciation and/or leasing purposes.
- (b) At the end of reporting date, 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 – recurring fair value measurement*

	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) US\$'000	Significant other observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000
30 September 2020	–	–	17,350
31 March 2019	–	–	16,683

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

17. 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 30 September 2020 US\$'000	Valuation technique	Unobservable inputs	Relationship of unobservable input to fair value
Land development rights	17,350	Direct Comparison method	Recent transactions/ asking prices of comparable land sales in Myanmar and South East Asia amounted US\$10.05 to US\$52.78 and US\$8.34 to US\$36.25 respectively. Adjustment for differences in key attributes such as location, size, asking price, etc. from 30% to 85% of recent transaction/ asking price	The higher the transaction/asking price, the higher the valuation. Not specified The higher the adjustments, the lower the valuation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

17. INVESTMENT PROPERTIES (CONTINUED)

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

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.

(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 30 September 2020, the fair value of the properties are determined by Colliers International Consultancy & Valuation (Singapore) Pte Ltd (31 March 2019: Jones Lang LaSalle Property Consultants Pte. Ltd.).

A valuation-team lead by the financial controller performs the valuations of non-property assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the Group chief executive office ("CEO"). Discussions of valuation processes and results are held between the Group CEO and the valuation team at the end of each reporting date or as and when there is significant change in the fair value.

At each reporting date the finance department:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

18. INTANGIBLE ASSETS

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Composition:		
Customer relationship (Note a)	180	341
Goodwill (Note b)	2,638	7,773
Trademark (Note c)	1,060	1,060
Brand name (Note d)	63	63
	3,941	9,237

(a) *Customer relationship*

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Cost		
Beginning and end of financial period/year	536	536
Accumulated amortisation		
Beginning of financial period/year	195	88
Amortisation charge	161	107
End of financial period/year	356	195
Net book value	180	341

(b) *Goodwill*

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Cost		
Beginning of financial period/year	7,773	6,282
Acquisition of subsidiary corporations [Note 34(c)]	–	1,491
End of financial period/year	7,773	7,773
Accumulated impairment		
Beginning of financial period/year	–	–
Impairment charge (Note 7)	5,135	–
End of financial period/year	5,135	–
Net book value	2,638	7,773

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

18. INTANGIBLE ASSETS (CONTINUED)

(c) *Trademark*

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Cost		
Beginning and end of financial period/year	1,060	1,060

(d) *Brand name*

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Cost		
Beginning and end of financial period/year	63	63

(e) *Air operator certificates*

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Cost		
Beginning and end of financial period/year	807	807
Accumulated amortisation		
Beginning of financial period/year	807	547
Amortisation charge	–	260
End of financial period/year	807	807
Carrying value	–	–

(f) Amortisation expenses amounting to US\$161,000 (31 March 2019: US\$367,000) are included in profit or loss under administrative expenses (Note 6).

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

18. INTANGIBLE ASSETS (CONTINUED)

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

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

Group

	Services		Hotels		Experiences	
	30 September	31 March	30 September	31 March	30 September	31 March
	2020	2019	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Goodwill on business acquisition						
Before impairment	5,484	5,484	2,028	2,028	261	261
Impairment loss	(4,084)	–	(790)	–	(261)	–
After impairment	1,400	5,484	1,238	2,028	–	261
Trademark	1,060	1,060	–	–	–	–
Brand name	–	–	–	–	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:

	Average budgeted gross margin		Perpetual growth rate		Pre-tax Discount rate	
	30 September	31 March	30 September	31 March	30 September	31 March
	2020	2019	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Services						
AHTT	20.0%	26.0%	3.0%	3.0%	16.8%	21.5%
Hotels						
TLH	72.0%	74.0%	3.0%	3.0%	16.7%	23.3%
KLCL	73.0%	47.0%	3.0%	3.0%	16.5%	18.9%
Experiences						
BBPL	13.0%	29.0%	3.0%	3.0%	14.3%	19.3%

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 discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

18. INTANGIBLE ASSETS (CONTINUED)

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

During the financial period, the Group recognised total impairment charges amounting to US\$5,135,000 (31 March 2019: Nil) on goodwill comprising of services, hotels and experiences segment of US\$4,085,000, US\$262,000 and US\$788,000 respectively. The impairment loss is included within "Other (losses)/income – net" in profit or loss. The impairment charge in the financial period has arisen due to the severe impact of the Covid-19 pandemic on the Group's operations and businesses' performance. As the carrying amount of the CGUs has been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of the recoverable amount would result in further impairment loss.

Sensitivity analysis for the financial period ended 30 September 2020

After recognition of impairment loss for financial period ended 30 September 2020, the recoverable amounts of the CGUs (including goodwill) and intangible assets with indefinite useful lives (trademark and brand name) are equal to the carrying amounts. Therefore, any adverse movement in a key assumption would lead to further impairment. The following changes in assumptions would have resulted in a significant increase in the impairment loss as follows:

	Services US\$'000	Hotels US\$'000	Experiences US\$'000	Total US\$'000
An increase of 1% in discount rate	226	536	60	822
A decrease of 1% in perpetual growth rate	225	470	42	737
A decrease of 1% in gross profit margin	173	117	53	343

Sensitivity analysis for the financial year ended 31 March 2019

The impairment test carried out as at 31 March 2019 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
As at 31 March 2019			
Amount above carrying amount			
– CGU (including goodwill)	69	677	1,753
– Intangible assets	5,815	–	1,951
% above carrying amount			
– CGU (including goodwill)	1.0	14.3	NM
– Intangible assets	NM	–	NM

For services CGU goodwill impairment, a further increase in the discount rate by 0.1% or a decrease in perpetual growth rate by 0.3% 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 1.0% 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 period from 1 April 2019 to 30 September 2020

19. FINANCIAL ASSETS, AT FVPL

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Beginning of financial period/year	–	–
Additions	3,190	–
Fair value loss (Note 7)	(776)	–
End of financial period/year	2,414	–
Non-current		
Non-listed equity securities – British Virgin Islands	2,414	–

The above investment in non-listed equity securities which is less than 20% of interest in investee is mandatorily measured at fair value through profit or loss.

The estimated fair value (Level 3 fair value measurement hierarchy) of financial assets at FVTPL is measured using market approach and the earnings of a business are capitalised using comparable companies' multiples, EV/EBITDA ratios as earnings multiples for valuation purposes.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	30 September 2020 US\$'000	31 March 2019 US\$'000	30 September 2020 US\$'000	31 March 2019 US\$'000
Trade payables – Non-related parties	755	304	–	–
Non-trade payables				
– Non-related parties	2,029	6,410	731	3,193
– Related parties	5,253	1,339	2,070	106
– Subsidiary corporations	–	–	12,193	10,496
	7,282	7,749	14,994	13,795
Contract liabilities	875	1,263	–	–
Retention payable to contractors	2,476	1,160	–	–
Accrued operating expenses	2,015	2,239	248	–
	13,403	12,715	15,242	13,795

Transactions with related parties were made on normal commercial terms and conditions.

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

Included in non-trade payables as at 30 September 2020 was remaining cash consideration payables to vendors for acquisition of new business amounted to US\$701,000 (31 March 2019: US\$2,946,000). Part of the consideration of US\$2,324,000 was settled during the financial period ended 30 September 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

20. TRADE AND OTHER PAYABLES (CONTINUED)

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 period/year are as follows:

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Revenue recognised that was included in contract liabilities at the beginning of financial period/year	1,263	497
Increases due to cash received and contractual progress billing, excluding amounts recognised as revenue during the financial period/year	875	1,263

21. LEASES – THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Property

The Group leases office units, sales desks and apartment for the purpose of business operations and resident for employee. These ROU assets are classified as land and buildings within property, plant and equipment.

Leasehold land and building

The Group has made an upfront payment to secure the right-of-use of a 50-year leasehold land, which is used in the Group's hotel segment. The leasehold land is recognised within property, plant and equipment (Note 16).

The Group also makes annual lease payments for leasehold land. The right-of-use assets relate to the hotel building are classified as land and building within property, plant and equipment, while those relate to the undeveloped land development rights held for capital appreciation and/or leasing purposes, are classified as investment properties (Note 17).

Motor vehicles

The Group leases motor vehicles for the purpose of business operations. The lease agreements prohibit the Group from subleasing the equipment to another parties.

(a) Carrying amounts

Amount recognised in the statement of financial position

ROU assets within property, plant and equipment

	Group	
	1 April 2019 US'000	30 September 2020 US\$'000
Land and buildings	1,506	1,364
Motor vehicles	57	27
	1,563	1,391

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

21. LEASES – THE GROUP AS A LESSEE (CONTINUED)

(a) *Carrying amounts (continued)*

Amount recognised in the statement of financial position (continued)

ROU assets within investment properties

The right-of-use asset relating to the leasehold land presented under investment properties (Note 17) is stated as fair value and has a carrying amount at reporting date of US\$265,000.

Lease liabilities within borrowings

	Group 30 September 2020 US\$'000
Current	
– Due within 1 year	190
Non-current	
– Due within 2-5 years	472
– Due more than 5 years	984
	<u>1,456</u>
Total lease liabilities	<u>1,646</u>

(b) *Depreciation charge during the financial period*

	Group For the financial period from 1 April 2019 to 30 September 2020 US\$'000
Land and buildings	213
Motor vehicles	30
Total	<u>243</u>

(c) *Interest expense*

	Group For the financial period from 1 April 2019 to 30 September 2020 US\$'000
Interest expense on lease liabilities (Note 8)	<u>333</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

21. LEASES – THE GROUP AS A LESSEE (CONTINUED)

(d) *Lease expense not capitalised in lease liabilities*

	Group For the financial period from 1 April 2019 to 30 September 2020 US\$'000
Short-term lease expenses (Note 6)	<u>124</u>

(e) Total cash outflow for all leases in 2020 was US\$587,000.

(f) Additional of ROU assets during the financial period ended 30 September 2020 was US\$71,000.

22. BORROWINGS

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Current		
– Bank borrowings	2,861	1,042
– Lease liabilities	190	–
	<u>3,051</u>	1,042
Non-current		
– Bank borrowings	26,471	15,511
– Borrowing from related party	2,000	–
– Lease liabilities	1,456	–
	<u>29,927</u>	15,511
Total borrowings	<u>32,978</u>	16,553

There is no exposure of the borrowings of the Group to interest rate changes as the borrowings bear fixed interest rate of 6% to 14.5% (31 March 2019: 13%) per annum which are the market interest rates.

Total borrowings include secured liabilities of US\$29,294,000 (31 March 2019 : US\$ 16,553,000).

(a) *Security granted*

- (i) bank borrowing of US\$14,638,000 (equivalent to Myanmar Kyat 19.20 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 [Note 16(a)].
- (ii) bank borrowing of US\$14,656,000 (equivalent to Myanmar Kyat 19.21 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 [Note 16(a)].
- (iii) corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

22. BORROWINGS (CONTINUED)

(b) Fair value of non-current borrowings

	Group	
	30 September 2020	31 March 2019
	US\$'000	US\$'000
Secured bank borrowings	29,075	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 6% to 14.5% (31 March 2019: 13%) per annum.

23. CONVERTIBLE BONDS

On 29 April 2019, the Group entered into a sale and purchase agreement with a "Vendor" or "Bondholder" for the acquisition of financial assets at FVPL (Note 19) by way of the issuance of unlisted convertible bonds in the aggregate nominal value of US\$3,190,000 at a coupon rate of 5% per annum. The bonds are due for repayment three years from the issue date at their nominal value of US\$3,190,000 plus accrued interest at maturity of US\$478,000 or may be converted to share capital of the Company of 19,829,729 shares at the option of the Bondholder at fixed conversion rate of US\$0.185 (equivalent to S\$0.25) per share.

The fair value of the liability component at initial recognition is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to convertible bonds of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion option. While the equity component is assigned the residual amount after deducting from the fair value of the convertible bond as a whole the amount separately determined for the liability component.

The carrying amount of the liability component of the convertible bonds at the reporting date are derived as follows:

	Group	
	30 September 2020	31 March 2019
	US\$'000	US\$'000
Face value of convertible bonds at issuance	3,190	–
Equity conversion component on initial recognition [Note 28(e)]	(66)	–
Liability component on initial recognition	3,124	–
Accumulated amortisation of interest expenses (Note 8)	250	–
Liability component at end of financial period	3,374	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

24. PROVISIONS

The Group uses a land for its operations. A provision is recognised for the present value of cost to be incurred for the restoration of the land. The effect of discounting has not been recognised in view of the insignificant impact.

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Beginning of financial period/year	–	–
Provision made	92	–
End of financial period/year	92	–

25. 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	
	30 September 2020 US\$'000	31 March 2019 US\$'000
<i>Deferred income tax liabilities</i>		
– To be settled within one year	43	47
– To be settled after one year	2,182	2,242
	2,225	2,289

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

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
<i>Fair value of air operator certificates</i>		
Beginning of financial period/year	–	65
Credited to profit or loss	–	(65)
End of financial period/year	–	–

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
<i>Fair value of land and buildings</i>		
Beginning of financial period/year	708	303
Acquisition of subsidiary corporations	–	421
Credited to profit or loss	(24)	(16)
End of financial period/year	684	708

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

25. 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	
	30 September 2020	31 March 2019
	US\$'000	US\$'000
<i>Fair value of customer relationship</i>		
Beginning of financial period/year	350	377
Credited to profit or loss	(40)	(27)
End of financial period/year	310	350

	Group	
	30 September 2020	31 March 2019
	US\$'000	US\$'000
<i>Fair value of investment properties</i>		
Beginning of financial period/year	1,231	–
Acquisition of subsidiary corporation	–	1,231
End of financial period/year	1,231	1,231

26. SHARE CAPITAL

Group	Issued Share Capital	
	No. of Ordinary shares '000	Amount US\$'000
	2020	
As at 1 April 2019	501,671	84,472
Issuance of new shares (a)	500	72
As at 30 September 2020	502,171	84,544
2019		
As at 1 April 2018	351,307	67,902
Issuance of new shares (b)	150,364	16,570
As at 31 March 2019	501,671	84,472

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

26. SHARE CAPITAL (CONTINUED)

Company	Issued Share Capital	
	No. of Ordinary shares '000	Amount US\$'000
2020		
As at 1 April 2019	501,671	84,767
Issuance of new shares (a)	500	72
As at 30 September 2020	502,171	84,839
2019		
As at 1 April 2018	351,307	68,197
Issuance of new shares (b)	150,364	16,570
As at 31 March 2019	501,671	84,767

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.

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

- (a) On 30 April 2019, the Company issued 500,000 ordinary shares at US\$0.144 (equivalent to S\$0.196) each amounting to US\$72,000 pursuant to the release of performance share awards.
- (b) (i) On 7 June 2018, the Group and 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 34(a)].
- (ii) On 26 October 2018, the Group and 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 Moka (S) Pte.Ltd. ("Moka") [Note 34(a)].

27. 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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

28. OTHER RESERVES

Composition:

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Capital reserve	566	566
Merger reserve	(20,190)	(20,190)
Currency translation reserve	–	(2,498)
Performance share reserve (Note 27)	–	72
Equity component of convertible bonds (Note 23)	66	–
	(19,558)	(22,050)

	Company	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Capital reserve	566	566
Currency translation reserve	(47)	(47)
Equity component of convertible bonds	66	–
Performance share reserve	–	72
	585	591

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 34(a)].
- (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.
- (c) Currency translation reserve

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Beginning of financial period/year	(2,498)	(285)
Net currency translation difference of financial statements of foreign subsidiary corporations	–	(2,213)
Effect of change in functional currency of subsidiary corporation	2,498	–
End of financial period/year	–	(2,498)

	Company	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Beginning and end of financial period/year	(47)	(47)

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

28. OTHER RESERVES (CONTINUED)

- (d) Performance share reserve represents the fair value of 500,000 performance shares granted to the eligible employee during 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.
- (e) Equity component of convertible bonds

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Beginning of financial period/year	–	–
Convertible bonds – equity component (Note 23)	66	–
End of financial period/year	66	–

29. 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:

	Company	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Beginning of financial period/year	(7,323)	(5,564)
Net loss	(16,027)	(1,759)
End of financial period/year	(23,350)	(7,323)

30. 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, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 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
As at 30 September 2020					
Financial assets					
Cash and bank balances	216	137	45	8	406
Financial assets, at FVPL	2,414	–	–	–	2,414
Trade and other receivables	606	2,401	4	–	3,011
Receivables from subsidiary corporations	58,191	14,749	4,442	80	77,462
	61,427	17,287	4,491	88	83,293
Financial liabilities					
Trade and other payables	(9,463)	(2,498)	(567)	–	(12,528)
Borrowings	(3,528)	(29,429)	–	(21)	(32,978)
Convertible bonds	(3,374)	–	–	–	(3,374)
Payables to subsidiary corporations	(58,191)	(14,749)	(4,442)	(80)	(77,462)
	(74,556)	(46,676)	(5,009)	(101)	(126,342)
Net financial liabilities	(13,129)	(29,389)	(518)	(13)	(43,049)
Add/(Less): Net non-financial (liabilities)/assets	(80,324)	(92)	148,337	39	67,960
Currency profile including non-financial assets and liabilities	(93,453)	(29,481)	147,819	26	24,911
Currency exposure of financial liabilities net of those denominated in the respective entities’ functional currency	–	(29,481)	(518)	(13)	(30,012)

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

30. 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
As at 31 March 2019					
Financial assets					
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
Financial liabilities					
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)
Net financial (liabilities)/assets	(3,212)	(19,748)	(136)	96	(23,000)
Add/(Less): Net non-financial assets/(liabilities)	82,618	1,375	(220)	39	83,812
Currency profile including non-financial assets and liabilities	79,406	(18,373)	(356)	135	60,812
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currency	–	(19,748)	(136)	96	(19,788)

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

If the Kyat and SGD change against the USD by 13% and 1% (31 March 2019: 14% and 3%) 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:

	30 September 2020 US\$'000	31 March 2019 US\$'000
<i>Increase/(Decrease)</i>		
Kyat against USD		
– strengthened	(3,833)	(2,765)
– weakened	3,833	2,765
<i>Increase/(Decrease)</i>		
SGD against USD		
– strengthened	5	4
– weakened	(5)	(4)

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
As at 30 September 2020				
Financial assets				
Cash and bank balances	55	–	36	91
Trade and other receivables	6,523	275	6,312	13,110
	6,578	275	6,348	13,201
Financial liabilities				
Trade and other payables	(16,194)	(426)	1,378	(15,242)
Convertible bonds	(3,374)	–	–	(3,374)
	(19,568)	(426)	1,378	(18,616)
Net financial (liabilities)/assets	(12,990)	(151)	7,726	(5,415)
Add: Net non-financial assets	15,370	–	52,119	67,489
Currency profile including non-financial assets and liabilities	2,380	(151)	59,845	62,074
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(151)	7,726	7,575

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

30. 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
As at 31 March 2019				
Financial assets				
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
Financial liabilities				
Trade and other payables	(13,795)	–	–	(13,795)
Net financial (liabilities)/assets	(10,960)	205	6,917	(3,838)
Add: Net non-financial assets	29,742	–	52,131	81,873
Currency profile including non-financial assets and liabilities	18,782	205	59,048	78,035
Currency exposure of financial assets net of those denominated in the Company's functional currency	–	205	6,917	7,122

If the Kyat and SGD change against the USD by 13% and 1% (31 March 2019: 14% and 3%) 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	
	30 September 2020 US\$'000	31 March 2019 US\$'000
<i>Increase/(Decrease)</i>		
Kyat against USD		
– strengthened	(20)	29
– weakened	20	(29)
<i>Increase/(Decrease)</i>		
SGD against USD		
– strengthened	77	208
– weakened	(77)	(208)

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flow are substantially independent of changes in 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 30 September 2020, trade receivables of the Group amounting to US\$328,000 (31 March 2019: US\$169,000) comprise 1 debtor (31 March 2019: 1 debtor) that individually represented 52% (31 March 2019: 26%) of trade receivables at each reporting date.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

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 categories 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 30 September 2020 and 31 March 2019 are set out in the provision matrix as follows:

Group

	Current US\$'000	Within 30 days US\$'000	1 to 3 months US\$'000	4 to 6 months US\$'000	Over 6 months US\$'000	Total US\$'000
30 September 2020						
Trade receivables						
– Related parties	7	42	12	27	101	189
– Non-related parties with commitments	1	2	-	10	420	433
– Non-related parties without commitments	3	25	2	93	61	184
	11	69	14	130	582	806
Loss allowance	-	25	2	93	61	181
31 March 2019						
Trade receivables						
– Related parties	3	29	2	-	-	34
– Non-related parties with commitments	241	138	116	119	-	614
– Non-related parties without commitments	-	-	-	-	36	36
	244	167	118	119	36	684
Loss allowance	-	-	-	-	36	36

The movements in loss allowance are as follows:

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Beginning of financial period/year	36	31
Loss allowance recognised in profit or loss during the financial period/year on:		
– recovered during the financial period/year	(36)	(31)
– loss allowance	181	36
Net impact to profit or loss	145	5
End of financial period/year (Note 13)	181	36

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

30. 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 management believes that the amounts are collectible, based on historical payment behaviour and credit-worthiness of these receivables.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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.

	Less than 1 year US\$000	Between 2 to 5 years US\$000	More than 5 years
Group			
At 30 September 2020			
Trade and other payables	12,528	–	–
Bank borrowings	6,082	32,068	4,342
Convertible bonds	–	3,602	–
	18,610	35,670	4,342
At 31 March 2019			
Trade and other payables	11,452	–	–
Bank borrowings	3,191	19,546	–
	14,643	19,546	–
Company			
At 30 September 2020			
Trade and other payables	15,091	–	–
Convertible bonds	–	3,602	–
Financial guarantee	–	27,468	–
	15,091	31,070	–
At 31 March 2019			
Trade and other payables	13,795	–	–
Financial guarantee	–	16,553	–
	13,795	16,553	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 30 September 2020, 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 reporting date based on the going concern assumptions set out in Note 3.

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

	Group	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Current assets	3,095	5,261
Current liabilities	16,848	14,321
Working capital ratio	0.18	0.37

	Company	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Current assets	13,208	9,975
Current liabilities	15,242	13,795
Working capital ratio	0.87	0.72

The Group and the Company are not subject to externally imposed capital requirements for the financial period ended 30 September 2020 and the financial year ended 31 March 2019 respectively.

(e) Fair value measurement

The carrying amounts of current receivables and payables are assumed to approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 US\$000	Company US\$000
At 30 September 2020		
Financial assets, at amortised cost	3,417	13,201
Financial assets, at FVPL	2,414	–
Financial liabilities, at amortised cost	48,880	18,616
At 31 March 2019		
Financial assets, at amortised cost	5,005	9,957
Financial liabilities, at amortised cost	28,005	13,795

31. 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	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Sales and purchases of goods and services and other transactions	1,352	638
Rental expenses paid/payable to related parties	307	243
Purchases from a related party	–	3
Project management fee charged by a related party	192	4,226
Design fee charged by a related party	–	611
Interest charged on loan to related party	131	662

Outstanding balances at 30 September 2020 and 31 March 2019, 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	
	30 September 2020 US\$'000	31 March 2019 US\$'000
Wages, salaries and bonus	805	600
Employer's contribution to defined contribution plans	129	163
Directors fees	113	78
	1,047	841

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

32. COMMITMENTS AND CONTINGENT

(a) Capital commitments

The Group has capital expenditures amounted to US\$153,000 (31 March 2019: Nil) contracted for at the reporting date but not recognised in the financial statements.

(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.

As at 31 March 2019, the future minimum lease payables under non-cancellable operating lease contracted for at the reporting date but not recognised as liabilities, are as follows:

	31 March 2019 US\$'000
Within one year	121
Between one and five years	146
More than five years	2,099
	<u>2,366</u>

As disclosed in Note 2.1 to the financial statements, the Group has adopted SFSR(I) 16 on 1 April 2019. These lease payments have been recognised as ROU assets and lease liabilities on the statement of financial position as at 30 September 2020, except for short-term and low value leases.

(c) Contingent liabilities – The Company

As at 30 September 2020, the Company has provided corporate guarantee for borrowings of its subsidiary corporations amounting to US\$: 27,468,000 (31 March 2019 : US\$ 16,553,000).

The Directors have estimated the fair value of the corporate guarantee is negligible in view that the consequential benefits to be derived from its guarantee are not material and therefore not recognised. It is considered unlikely that the Company will be held liable as a result of the corporate guarantee since there are no default in payment of borrowings by the subsidiary corporations to which the guarantees are provided.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

33. 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's Experiences 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's 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 prior financial year as an experience-driven DMC (Destination Management Company) which specialize in curating unique Myanmar experiences and bespoke itineraries to supplement the existing business in AHTT.

(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, Kennaira 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

33. SEGMENT INFORMATION (CONTINUED)

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 Corporate US\$'000	Total US\$'000
	Services US\$'000	Experiences US\$'000	Hotels US\$'000		
For the financial period ended 30 September 2020					
Revenue					
Total segment revenue	1,770	5,599	3,342		10,711
Inter-segment revenue	(2)	(140)	(46)		(188)
Revenue from external parties	1,768	5,459	3,296	-	10,523
Adjusted EBIDTA	366	2,415	1,183		3,964
Other (losses)/income-net	(4,245)	769	(10,669)	(598)	(14,743)
Loss allowance on trade receivable-net	10	(1)	(154)	-	(145)
Expenses					
Administrative	(1,609)	(3,653)	(8,375)	(1,750)	(15,387)
Distribution and marketing	(44)	(123)	(331)	(8)	(506)
Finance	(4)	(4,537)	(4,283)	(330)	(9,154)
Loss before income tax					(35,971)
Income tax credit					4
Net loss					(35,967)
Net loss includes:					
- Depreciation of property, plant and equipment	(64)	(1,120)	(3,096)	(1)	(4,281)
- Amortisation of intangible assets	(161)	-	-	-	(161)
- Impairment loss on goodwill	(4,084)	(261)	(790)	-	(5,135)
- Impairment loss on property, plant and equipment	-	-	(9,639)	-	(9,639)
- Fair value gain on investment properties	-	-	402	-	402
- Fair value loss on financial assets, at FVPL	-	-	-	(776)	(776)
Segment assets	2,195	12,294	59,525	3,363	77,377
Additions to:-					
- Property, plant and equipment	5	347	753	-	1,105
Segment liabilities	1,524	21,820	26,934	2,188	52,466

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

33. SEGMENT INFORMATION (CONTINUED)

	←	Myanmar	→	Singapore	
	Services	Experiences	Hotels	Corporate	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
For the financial year ended 31 March 2019					
Revenue					
Total segment revenue	2,517	6,601	1,212	–	10,330
Inter-segment revenue	(9)	(173)	(54)	–	(236)
Revenue from external parties	2,508	6,428	1,158	–	10,094
Adjusted EBIDTA	328	3,169	278	–	3,775
Other income/(losses), net	29	354	7,472	(17)	7,838
Expenses					
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)
Net profit					2,008
Net profit includes:					
– Depreciation of property, plant and equipment	(18)	(667)	(720)	–	(1,405)
– Amortisation of intangible assets	(107)	(260)	–	–	(367)
– Gain on bargain purchase	–	–	7,673	–	7,673
Segment assets	7,487	11,944	72,103	1,399	92,933
Additions to:–					
– Property, plant and equipment	–	474	36,860	1	37,335
– Investment properties	–	–	16,683	–	16,683
– Intangible assets	–	–	1,491	–	1,491
Segment liabilities	1,797	10,478	15,725	4,121	32,121

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\$307 (2019: US\$1,000).

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 period ended 30 September 2020 and the financial year ended 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

34. BUSINESS COMBINATIONS

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 Mokan (collectively "SPAs") 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 Mokan's shares. The remaining 80% of Mokan is owned by SMAH. The acquisitions of the 100% interest of SMAH and 20% interest of Mokan 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: -

(a) *Purchase consideration*

	KR business US\$'000	SMAH Group US\$'000
Total cash paid	725	11,405
Total shares consideration ⁽¹⁾ [Note 26(b)]	566	16,011
Outstanding consideration included in:		
– Trade and other payables (Note 20)	620	2,326
– Capital reserve ⁽²⁾ [Note 28(a)]	566	–
Total fair value of purchase consideration	<u>2,477</u>	<u>29,742</u>

(1) 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.

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

(b) *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)	(2,175)
Cash outflow on business acquisitions	<u>724</u>	<u>9,230</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

34. BUSINESS COMBINATIONS

(c) 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	2,175
Trade and other receivables	3	450
Property, plant and equipment (Note 16)	1,011 ⁽¹⁾	21,845 ⁽²⁾
Investment properties (Note 17)	–	16,683 ⁽²⁾
Inventories	8	17
Total assets	1,023	41,170
Trade and other payables	–	2,140
Deferred income tax	37	1,615
Total liabilities	37	3,755
Total identifiable net assets	986	37,415
Add: Goodwill [Note 18(b)]	1,491	–
Less: Gain on bargain purchase (Note 7)	–	(7,673)
Considerations transferred for the businesses	2,477	29,742

(1) 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.

(2) 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.

(d) 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.

(e) 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.

(f) 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 period from 1 April 2019 to 30 September 2020

34. BUSINESS COMBINATIONS (CONTINUED)

(g) *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 profit for the financial year ended 31 March 2019 would have been US\$10,142,000 and US\$1,094,000 respectively.

35. EVENTS OCCURRING AFTER REPORTING DATE

- (a) On 22 October 2020, the Group has obtained additional borrowings amounting to US\$6.39 million, comprising a secured loan of MMK6.50 billion (equivalent to approximately US\$4.96 million) with interest rate of 10%. and an unsecured loan of MMK2.00 billion (equivalent to approximately US\$1.43 million). In addition, the Group has also obtained approval from a bank to capitalise interest payable of MMK2.53 billion (equivalent to US\$2.0 million) as additional drawdown from existing loan facilities with the same terms.
- (b) On 1 November 2020, the Group entered into a sublease agreement with Hlaing River Golf and Country Club Company Limited, for sublease of premises and all existing business conducted on the premises for fixed monthly rental as follows:
- (i) Pun Hlaing Country Club, which is in business of providing relaxation and recreation services and facilities, including but not limited to spa services, swimming pool, gymnasium and tennis court and all the class conducted thereon for US\$16,000 (equivalent to MMK 20,200,000);
 - (ii) A restaurant known as "Oasis", which is in the business of sale of food and beverages for US\$5,000 (equivalent to MMK 5,900,000); and
 - (iii) A restaurant known as "Horizons", which is in the business of sale of food and beverages for US\$4,100 (equivalent to MMK 5,300,000).

The Group is in the midst of assessing if the sublease agreement shall be accounted for as right-of-use asset under SFRS(I) 16 with the corresponding lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 April 2019 to 30 September 2020

36. COMPARATIVE NUMBERS

The Group changed its financial year end from 31 March to 30 September. Accordingly, the current financial period covers a period 18 months from 1 April 2019 to 30 September 2020. The comparative figures which cover a period of twelve months from 1 April 2018 to 31 March 2019 for the statements of comprehensive income and statement of cash flows and related notes are therefore not entirely comparable with those of the current financial period.

37. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards and 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 2020 and which the Group has not early adopted.

Effective for annual periods beginning on or after 1 January 2020

- Amendments to SFRS(I) 3: Business Combinations – definition of a business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of material
- Amendments to Reference to the Conceptual Framework in SFRS(I) standards
- Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform

Effective for annual periods beginning on or after 1 June 2020

- Amendments to SFRS(I) 16: Covid-19-Related Rent Concessions

Effective for annual periods beginning on or after 1 January 2021

- SFRS(I) 17 Insurance Contracts

Effective for annual periods beginning on or after 1 January 2022

- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current

*Effective date: to be determined**

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

* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

38. 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 12 January 2021.

STATISTICS OF SHAREHOLDINGS

As at 21 December 2020

No. of issued and fully paid-up shares	:	502,170,955
Class of Shares	:	Ordinary Share
Voting Rights	:	1 Vote Per Share
Treasury Shares	:	Nil
Subsidiary Holdings	:	Nil

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	66	2.51	1,876	0.00
100 – 1,000	1,774	67.35	531,130	0.11
1,001 – 10,000	634	24.06	2,090,391	0.42
10,001 – 1,000,000	148	5.62	8,698,615	1.73
1,000,001 & ABOVE	12	0.46	490,848,943	97.74
TOTAL	2,634	100.00	502,170,955	100.00

TWENTY LARGEST SHAREHOLDERS

(as shown in the Register of Members and Depository Agent)

	No. Of Shares	%
RAFFLES NOMINEES (PTE) LIMITED	141,100,173	28.10
UOB KAY HIAN PTE LTD	136,494,067	27.18
FIRST MYANMAR INVESTMENT PUBLIC COMPANY LIMITED	41,947,426	8.35
CITIBANK NOMINEES SINGAPORE PTE LTD	36,425,783	7.25
SHC CAPITAL HOLDINGS PTE LTD	35,662,759	7.10
YOMA STRATEGIC INVESTMENTS LTD.	31,159,449	6.21
PHILLIP SECURITIES PTE LTD	29,322,566	5.84
ACE PAN-ASIA OPPORTUNITIES SPC	20,445,836	4.07
JEAN-MICHEAL ALAIN ROMON	6,817,373	1.36
PYAI PHYO TUN	5,468,333	1.09
KUN NAUNG MYINT WAI	3,890,640	0.77
DBS NOMINEES PTE LTD	2,114,538	0.42
RAMESH S/O PRITAMDAS CHANDIRAMANI	955,300	0.19
PIAK BOON SENG	773,514	0.15
NOVATIN GEORGES MICHEL	500,000	0.10
LAM SOON REALTY PTE LTD	334,714	0.07
CRICHTON GREGORY ROBERT SCOTT	264,285	0.05
OCBC SECURITIES PRIVATE LTD	259,768	0.05
FORTE CAPITAL MANAGEMENT PTE LTD	250,000	0.05
PEKKA MIKAEL NASTAMO	250,000	0.05
	494,436,524	98.45

STATISTICS OF SHAREHOLDINGS

As at 21 December 2020

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

Based on the Register of Substantial Shareholders maintained by the Company as at 21 December 2020, the direct and deemed interests of each Substantial Shareholder are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% of total issued Shares ⁽¹⁾	No. of Shares	% of total issued Shares ⁽¹⁾
Serge Pun @ Theim Wai ⁽²⁾	103,000	0.02	209,026,274	41.62
Yoma Strategic Holdings Ltd. ("YSH") ⁽³⁾	–	–	167,078,848	33.27
Yoma Strategic Investments Ltd. ("YSIL")	167,078,848	33.27	–	–
Yangon Land Company Limited ⁽⁴⁾	–	–	41,947,426	8.35
First Myanmar Investment Public Company Limited ("FMI")	41,947,426	8.35	–	–
ACE Venture Opportunities on behalf of Myanmar Tourism S.P.	41,131,520	8.19	–	–
Shirish Sharaf ⁽⁵⁾	–	–	141,004,800	28.08
2S Holdings ⁽⁵⁾	–	–	141,004,800	28.08
Samena Capital Investors Co ⁽⁵⁾	–	–	141,004,800	28.08
Samena General Partner III Limited ⁽⁵⁾	–	–	141,004,800	28.08
Samena Capital ⁽⁵⁾	–	–	141,004,800	28.08
Samena Special Situations Fund III LP ⁽⁵⁾	–	–	141,004,800	28.08
Samena Mandalay Holdings ("SMH") ⁽⁵⁾	141,004,800	28.08	–	–
SHC Capital Holdings Pte. Ltd.	35,662,759	7.10	–	–
See Hoy Chan Holdings Pte. Ltd. ⁽⁶⁾	–	–	35,662,759	7.10
See Hoy Chan Sdn. Berhad ⁽⁷⁾	–	–	35,662,759	7.10
Mr Teo Soo Chew ⁽⁸⁾	–	–	35,662,759	7.10
Mr Teo Soo Kiat ⁽⁸⁾	–	–	35,662,759	7.10
Mr Teo Chiang Khai ⁽⁸⁾	–	–	35,662,759	7.10

Notes:

- (1) Percentage is calculated based on total number of issued shares comprising 502,170,955 shares as at 21 December 2020.
- (2) Mr Serge Pun is deemed interested in 209,026,274 shares held by YSH and FMI as he holds an aggregate (both direct and deemed) (a) 28.13% shareholding interest in YSH, which owns the entire shareholding in YSH; and (b) approximately 56.05% shareholding interests in FMI.
- (3) YSH is deemed interested in the 167,078,848 Shares held by YSH arising from its 100.00% interest in YSH.
- (4) Yangon Land Company Limited is deemed interested in the 41,947,426 Shares held by FMI arising from its 28.83% interest in FMI.
- (5) 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 100.0% 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.
- (6) See Hoy Chan Holdings Pte. Ltd. has a deemed interest in 35,662,759 shares in the Company held by SHC Capital Holdings Pte. Ltd. arising from its 100.0% interest in SHC Capital Holdings Pte. Ltd.
- (7) 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.
- (8) 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 SHAREHOLDERS

Rule 723 of the Catalist 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 21 December 2020, approximately 14.99% of the issued ordinary shares of the Company was held by the public and therefore, Rule 723 of the Catalist 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 convened and held by way of electronic means on Thursday, 28 January 2021 at 10:00 a.m. (Singapore time) 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 period from 1 April 2019 to 30 September 2020 together with the Independent Auditor’s Report thereon.
(Resolution 1)
2. To approve the payment of Directors’ fees of up to S\$53,000 payable by the Company for the 6-month period from 1 April 2020 to 30 September 2020.
(See Explanatory Note 1)
(Resolution 2)
3. To approve the payment of Directors’ fees of up to S\$130,000 payable by the Company for the financial year ending 30 September 2021, payable quarterly in arrears.
(See Explanatory Note 2)
(Resolution 3)
4. To re-elect Mr. Basil Chan 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 3)
(Resolution 4)
5. To re-elect Mr. Tun Tun 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-appoint Nexia TS Public Accounting Corporation as Independent Auditor of the Company for the financial year ending 30 September 2021 and to authorise the Directors of the Company to fix their remuneration.
(Resolution 6)

B. SPECIAL BUSINESS

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

7. That pursuant to Section 161 of the Companies Act (Cap. 50) and Rule 806 of the Rules of Catalist (“Catalist Rules”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be and are hereby authorised and empowered to 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) in the capital of the Company (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) in the capital of the Company at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities;
 - (ii) new shares arising from exercising share options or vesting of share awards outstanding provided the options or awards were granted in compliance with Catalist Rules of the SGX-ST; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;

adjustments in accordance with this sub-paragraphs 2(ii) or 2(iii) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) 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 5*)
(Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

8. That for the purposes of Chapter 9 of the Catalist 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 12 January 2021 (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 Catalist Rules of the SGX-ST which may be prescribed by the SGX-ST from time to time; and
 - (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 6)
(Resolution 8)

9. 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 7)
(Resolution 9)

10. **TO TRANSACT ANY OTHER ORDINARY BUSINESS.**

BY ORDER OF THE BOARD

Loo Hwee Fang
Helena Chua Guat Huat
Joint Company Secretaries

Singapore
12 January 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Ordinary Resolution 2 proposed above, if passed, will facilitate the payment of Directors' fees incurred for the 6-month period from 1 April 2020 to 30 September 2020.
2. Ordinary Resolution 3 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 October 2020 to 30 September 2021.
3. Mr. Basil Chan, when re-elected, will be considered a Lead Independent Director. He will remain as Chairman of the Audit and Risk Management Committee and the Nominating Committee and a member of the Remuneration 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.

4. Mr. Tun Tun, when re-elected, will be considered a Non-Executive Non-Independent Director. He will remain as a member of the Audit and Risk Management Committee.
5. Ordinary Resolution 7 proposed above, if passed, will empower the Directors, from the date of the above Annual General Meeting until the next annual general meeting, to issue shares in the capital of the Company and to make or grant convertible securities, and to issue shares in pursuance of such convertible securities, without seeking any further approval from shareholders in a general meeting, up to a number not exceeding hundred per cent. (100%) of the total number of Issued Shares 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.
6. Ordinary Resolution 8 proposed above, if passed, will renew the existing shareholders' mandate that was approved by shareholders on 23 July 2019 to allow the Group to enter into certain interested person transactions with those classes of interested persons as described in the Addendum and will empower the Directors to do all acts necessary to give effect to the Shareholders' Mandate.
7. Ordinary Resolution 9 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.

Meeting Notes

General

1. The annual general meeting of the Company (the "AGM") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 2) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's corporate website <http://www.memoriesgroup.com/>. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. The Notice will not be advertised in the national newspaper.
2. To minimise physical interactions and COVID-19 transmission risks, a member of the Company will not be able to attend the AGM in person. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:
 - (a) watching and/or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Note 3 below;
 - (b) submitting questions ahead of the AGM. Please refer to Notes 7 to 8 below for further details; and
 - (c) voting by proxy at the AGM. Please refer to Notes 9 to 16 below for further details.

Participation in the AGM via live webcast or live audio feed

3. A shareholder of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch and/or listen to the proceedings of the AGM through a "live" audio-visual webcast via mobile phone, tablet or computer or through a "live" audio-only stream via mobile phone ("Live Webcast"). In order to do so, the member must pre-register by 10 a.m. on 25 January 2021 ("Registration Deadline"), at the Company's pre-registration website URL <https://online.meetings.vision/memories-agm-registration>.
4. Following authentication of his/her/its status as a shareholder of the Company, such shareholder will receive an email on their authentication status and will be able to access the Live Webcast using the account created.
5. Shareholders who have registered by the Registration Deadline in accordance with Note 3 above but do not receive an email response by 5.00 p.m. on 26 January 2021 may contact the Company for assistance at the following email address: info@memoriesgroup.com, with the following details included: (1) the member's full name; and (2) his/her/its identification/registration number.
6. Non-SRS holders whose shares are registered under Depository Agents ("DAs") must also contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the AGM proceeding.

NOTICE OF ANNUAL GENERAL MEETING

Submission of questions prior to the AGM

7. A shareholder of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM. Please note that shareholders will not be able to ask questions at the AGM “live” during the Live Webcast. The Company only address relevant and substantial questions (as may be determined by the Company in its sole discretion) prior to, or at, the AGM. The Company will publish the minutes of the AGM on SGXNET and the Company’s corporate website within one month after the date of AGM.
8. To do so, all questions must be submitted no later than the Registration Deadline either (i) via electronic means to the Company, through the Company’s pre-registration website at URL <https://online.meetings.vision/memories-agm-registration> or (ii) by post lodged with the Company’s Registered Office, at 63 Mohamed Sultan Road, #02-14 Sultan-Link, Singapore 239002 or (iii) by email to info@memoriesgroup.com.

Proxy Voting

9. Shareholders may only exercise their voting rights at the AGM via proxy voting. The accompanying proxy form for the AGM may be accessed via (i) the pre-registration website at URL <https://online.meetings.vision/memories-agm-registration> or (ii) the Company’s corporate website at <http://www.memoriesgroup.com/>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

10. Shareholders (including Relevant Intermediaries*) who wish to vote on any or all of the resolutions at the AGM must submit a proxy form to appoint the Chairman of the Meeting as their proxy to do so on their behalf.

**Relevant Intermediary(ies) has the meaning ascribed to it in Section 181 of the Companies Act, (Cap 50).*

11. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner: (a) if submitted by post, be lodged at the office of the Company at 63 Mohamed Sultan Road, #02-14 Sultan-Link, Singapore 239002; or (b) if submitted electronically, be submitted via (i) the Company’s pre-registration website at URL <https://online.meetings.vision/memories-agm-registration> or (ii) by email to the Company at info@memoriesgroup.com, in either case by no later than 10 a.m. on 26 January 2021, being 48 hours before the time appointed for the AGM. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms electronically.**
12. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.
13. CPF and SRS Investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on 18 January 2021 in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.
14. The Chairman of the Meeting, as proxy, need not be a member of the Company.
15. A Depositor’s name must appear on the Depository Register maintained by The Central Depositor (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.
16. Please note that shareholders will not be able to vote through the Live Webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

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

Name	Basil Chan (“Mr. Basil Chan”)	Tun Tun (“Mr. Tun Tun”)
Age	69	45
Country of principal residence	Singapore	Myanmar
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Basil Chan as the Lead Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr. Basil Chan’s qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr. Tun Tun as the Non-Executive Non-Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr. Tun Tun’s qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Independent Director	Non-Executive Non-Independent Director
Working experience and occupation(s) during the past 10 years	<p>2003 to Present Managing Director – MBE Corporate Advisory Pte Ltd</p> <p>2006 to Present Director – AEM Holdings Ltd</p> <p>2011 to Present Grand Banks Yachts Limited</p> <p>2017 to Present Director – Memories Group Limited (formerly SHC Capital Limited)</p> <p>2019 to Present Director – Broadway Industrial Group Limited</p> <p>March 2020 to Present Director – Nera Telecommunications Ltd</p>	<p>2005 – 2009 Alternate Director Serge Pun & Associates (Myanmar) Ltd.</p> <p>2010 – 2015 Chief Financial Officer Serge Pun & Associates (Myanmar) Ltd.</p> <p>2009 – Present Executive Director Serge Pun & Associates (Myanmar) Ltd.</p> <p>2009 – Present Executive Director First Myanmar Investment Public Company Limited</p> <p>2015 – 2018 First Myanmar Investment Public Company Limited Chief Financial Officer</p> <p>2018 – Present First Myanmar Investment Public Company Limited Chief Operating Officer</p>
Shareholding interest in the listed issuer and its subsidiaries	–	–

DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Basil Chan (“Mr. Basil Chan”)	Tun Tun (“Mr. Tun Tun”)
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	–	–
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships#		
Past (for the last 5 years)	<p>2015 to 2016 Director – SBI Offshore Limited</p> <p>2014 to 2017 Director – Singapore eDevelopment Ltd</p> <p>2006 to 2017 Director – Yoma Strategic Holdings Ltd</p> <p>2012 to 2020 Director – Global Invacom Group Limited</p>	<ul style="list-style-type: none"> • Hexagon System Company Limited
Present	<p>2003 to Present Managing Director – MBE Corporate Advisory Pte Ltd</p> <p>2006 to Present Director – AEM Holdings Ltd</p> <p>2011 to Present Grand Banks Yachts Limited</p> <p>2017 to Present Director – Memories Group Limited (formerly SHC Capital Asia Limited)</p> <p>2019 to Present Director – Broadway Industrial Group Limited</p> <p>2020 to Present Director – Nera Telecommunications</p>	<ul style="list-style-type: none"> • Memories Group Limited • First Myanmar Investment Public Company Limited • Myanmar Thilawa SEZ Holdings Public Co. Ltd. • Altai Myanmar Company Limited • Convenience Prosperity Company Limited • Chindwin Bagan Company Limited • Chindwin Pindaya Company Limited • Meeyahta Development Limited • Meeyahta International Hotel Limited • Popa Myanmar Company Limited

DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Basil Chan (“Mr. Basil Chan”)	Tun Tun (“Mr. Tun Tun”)
		<ul style="list-style-type: none"> • Pun Hlaing Lodge Limited • Seven Golden Gates Company Limited • SGG Motor Services Limited • Star City International School Company Limited • Summit Brands Restaurant Group Limited • Yangon Sand Industries Limited • Yankin Kyay Oh Group of Companies Limited • Yoma Fleet Limited • Yoma Nominee Limited • Yoma Venture Company Limited • Seagram Myanmar Company Limited • Yoma Leasing Company Limited • 7-Focus Investment Limited • FMI Air Limited • F.M.I Garden Development Limited • FMI Riverside Development Limited • F.M.I Syndication Limited • Hlaing River Golf and Country Club Company Limited • JJ-Pun Limited • JJ-Pun Trading Company Limited • Myanmar Agri-Tech Limited • Pandaw Myanmar Company Limited • Paribawga Company Limited • Pun Hlaing Assets Management Limited • Pun Hlaing Capital Company Limited • Pun Hlaing Links Services Company Limited • Pun Plus Projects Limited

DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Basil Chan (“Mr. Basil Chan”)	Tun Tun (“Mr. Tun Tun”)
		<ul style="list-style-type: none"> • Serge Pun & Associates Marketing Limited • Serge Pun & Associates (Myanmar) Limited • SPA Assets Management Limited • SPA Aviation Holdings Limited • SPA Elevator Limited • Yangon Land Company Limited • Yangon Nominees Limited • YGL Investment Company Limited • FMI Development Group Limited • FMI Industrial Investment Company Limited • LSC – FMI Company Limited • Taunggyi Hospital Asset Limited • Yoma Siloam Hospital Pun Hlaing Limited • Yoma Myittar Development Company Limited • Pun Hlaing International Hospital Limited • Pun Hlaing Siloam (Taunggyi) Hospital Limited • FMIDecaux Company Limited • Chindwin Investments Limited • MM (BL) Pte. Ltd. • MM (BOB) Pte. Ltd. • MM (DMC) Pte. Ltd. • MM (HAL) Pte. Ltd. • MM (PHL) Pte. Ltd. • MM Myanmar Pte. Ltd. • Pun Hlaing Lodge Hotel Management Limited

DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Basil Chan (“Mr. Basil Chan”)	Tun Tun (“Mr. Tun Tun”)
		<ul style="list-style-type: none"> • Shwe Lay Ta Gun Travels & Tours Company Limited • Mergui International Co., Ltd. • Mergui Memories International Co., Ltd. • Burma Boating Pte. Ltd. • Burma Boating Company Limited • Traditional Lodge Hotel Company Limited • Memories Myanmar International Travel Service (Dalian) Co., Ltd. • Kawthaung Water Investment Company Limited • Kawthaung Water Distribution Company Limited • Kawthaung Marina Company Limited • Kawthaung Hill Investment Limited • Kawthaung Hill Development Limited • Myanmar Outlook Investment Company Limited • CLW Development Limited
Disclosures as set out in paragraphs (a) to (k) of the Appendix 7.4.1:		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Basil Chan (“Mr. Basil Chan”)	Tun Tun (“Mr. Tun Tun”)
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Micropolis Group of Companies – Mr. Basil Chan was a director of the following companies which were the subject of insolvency petitions in court: a) Micropolis (USA) Inc.; b) Micropolis (UK) Limited; c) Micropolis (Deutschland) GmbH and d) Micropolis AB. These companies were part of the Micropolis Group of Companies which were placed in liquidation beginning in late 1997.	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Basil Chan (“Mr. Basil Chan”)	Tun Tun (“Mr. Tun Tun”)
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Basil Chan (“Mr. Basil Chan”)	Tun Tun (“Mr. Tun Tun”)
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Stratech Systems Limited – Mr. Basil Chan was a non-executive independent director of Stratech Systems Limited that was investigated by the Commercial Affairs Department (“CAD”) in 2006 in relation to a possible breach of the Securities and Futures Act. As far as Mr. Basil Chan is aware the matter has been closed and no charges were made against any director.	No

DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Basil Chan (“Mr. Basil Chan”)	Tun Tun (“Mr. Tun Tun”)
	<p>AEM Holdings Limited – Mr. Basil Chan was a non-executive independent director of AEM Holdings Limited which announced in May 2007 that seven of its employees (including its Chief Executive Officer) are under investigation by the Corrupt Practices Investigation Bureau (“CPIB”) and Mr. Basil Chan assisted the CPIB in their investigation. Mr. Basil Chan was appointed to the Board on 8 March 2006 and these events occurred prior to his appointment.</p> <p>Lindeteves-Jacoberg Limited – In May 2007, Mr. Basil Chan attended as witness to assist an investigation by the CAD into an offence under the Securities and Futures Act in relation to Lindeteves-Jacoberg Limited in which he was a former non-executive independent director.</p>	
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No

DISCLOSURE INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Basil Chan (“Mr. Basil Chan”)	Tun Tun (“Mr. Tun Tun”)
<p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No	No
<p>Key information on these directors, including their dates of first appointment, dates of last re-election, academic/professional qualification, and present principal commitment, can be found in the “Board of Directors” section and “Corporate Information” section in the Company’s Annual Report 2020.</p>		

MEMORIES GROUP LIMITED

Company Registration No. 201201631D
(Incorporated in the Republic of Singapore)

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT:

1. The annual general meeting of the Company (the "AGM") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. **To minimise physical interactions and COVID-19 transmission risks, a member will not be able to attend the AGM in person.** A member (whether individual or corporate and including a Relevant Intermediary*) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
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.
4. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.
5. For investors who have used their CPF monies to buy Memories Group Limited's shares, this Proxy Form is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

PERSONAL DATA PRIVACY

6. By submitting an instrument appointing the Chairman of the AGM as his/her/its proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 January 2021.

I/We, _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address)

being a *member/members of MEMORIES GROUP LIMITED (the "Company"), hereby appoint the Chairman of the Meeting as *my/our proxy to vote on *my/our behalf at the annual general meeting of the Company (the "AGM") to be held by way of electronic means on 28 January 2021 at 10.00 a.m., and at any adjournment thereof in the following manner as specified below. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the Meeting as *my/our proxy will be treated as invalid.

NOTE: Voting on all resolutions will be conducted by poll. 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 **Abstain** from voting on 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** and/or **Abstain** in the corresponding box against that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

No.	Resolutions	For	Against	Abstain
A	ORDINARY RESOLUTIONS			
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year period from 1 April 2019 to 30 September 2020 and the Independent Auditor's Report			
2	Approval of Directors' fees for the 6-month period from 1 April 2020 to 30 September 2020			
3	Approval of Directors' fees for the financial year ending 30 September 2021, payable quarterly in arrears			
4	Re-election of Mr. Basil Chan as a Director of the Company			
5	Re-election of Mr. Tun Tun as a Director of the Company			
6	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditor of the Company and to authorise the Directors to fix their remuneration			
B	SPECIAL BUSINESS			
7	Authority to issue and allot shares pursuant to the share issue mandate			
8	Renewal of the Shareholders' Mandate for Interested Persons Transactions			
9	Authority to issue and allot shares pursuant to the Memories PSP			

* Delete accordingly.

Dated this _____ day of _____ 2021

Signature(s) of Member(s)/Common Seal

Total Number of Shares held in :	Number of Shares
CDP Register	
Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

NOTES:

- 1 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.
- 2 To minimise physical interactions and COVID-19 transmission risks, a member of the Company will not be able to attend the AGM in person. A member of the Company (whether individual or corporate and including a Relevant Intermediary*) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

* "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act (Cap 50) of Singapore.

CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 10.00 am. on 18 January 2021) in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.
- 3 The Chairman of the Meeting, as proxy, need not be a member of the Company.
- 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 This form of proxy must be submitted to the Company not less than forty-eight (48) hours before the time set for the AGM (i.e. by 10.00 a.m. on 26 January 2021) in the following manner:
 - (a) if submitted by post, be lodged at the office of the Company at 63 Mohamed Sultan Road, #02-14 Sultan-Link, Singapore 239002; or
 - (b) if submitted electronically, be submitted via (i) the Company's pre-registration website at URL <https://online.meetings.vision/memories-agm-registration> (ii) by email to the Company at the info@memoriesgroup.com.
- 6 **In view of the current Covid-19 situation, members are strongly encouraged to submit completed proxy forms electronically.**
- 7 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 AGM, as certified by the Central Depository (Pte) Limited to the Company.

Fold along dotted lines

Affix
Postage
Stamp

**The Company Secretary
Memories Group Limited
63 Mohamed Sultan Road
#02-14 Sultan-Link
Singapore 079120**

Fold along dotted lines
