



RESPONSES TO QUESTIONS FROM SHAREHOLDERS IN RELATION TO ANNUAL REPORT FOR FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 TO BE TABLED AT THE ANNUAL GENERAL MEETING ON 27 JANUARY 2022

Memories Group Limited (the “**Company**”, or collectively with its subsidiaries, the “**Group**”) would like to thank all shareholders for submitting their questions in advance of its Annual General Meeting (“**AGM**”) which will be convened and held by way of electronic means on 27 January 2022 at 10.00 a.m. (Singapore time).

The Company has consolidated the substantial and relevant questions received, made editorial amendments to, or rephrased, some of the questions to ensure that the context of these questions is clearer.

Please refer to **Annex A** for the list of substantial and relevant questions and the Company’s responses to these questions.

It is important to note that these questions and responses should be read in conjunction with the Company’s Annual Report 2021.

BY ORDER OF THE BOARD

Cyrus Pun
Chief Executive Officer
22 January 2022

This announcement 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.

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ANNEX A: QUESTION FROM SHAREHOLDERS AND THE COMPANY'S RESPONSE

Questions from Shareholder(s)	Replies
<p>[Q1] Please refer to page 22 of the Annual Report about "Operational review". It was stated that "Suspension of international commercial flights in early months of FY 2021 and visa restrictions for non-essential travellers to Myanmar continue to impact the tourism industry which traditionally is dominated by inbound travellers." How is the border reopening and resumption of international commercial flights coming along?</p>	<p>The suspension of commercial flights that were initially imposed in early FY2021 has largely been lifted. However, the number of commercial flight routes arriving in Yangon is substantially fewer than pre-pandemic level given the continuing depression of global travel industry from the pandemic. The issuance of visas is still limited to applicants with evidenced business or other essential needs. While Yangon airport is open to international arrivals, Myanmar's other borders remain partially closed. For example, the Myanmar-Thailand border crossing at Kawthaung, which is the port of entry for tourists coming to the Group's Awei Pila Resort from Thailand, remains closed to non-essential crossings ever since beginning of the pandemic, as do other land border crossings with Thailand.</p>
<p>[Q2] Please refer to page 108 of the Annual Report about "Investment properties". For the US\$16.1m "Land development rights – 635.2 acres of useable and reserve lands" at "Kyun Phi Lar, Bo Ywe Island, Nga Man Island and Shark Cave Islet, Tanintharyi Region, Myanmar", it was stated that these "investment properties relate to the undeveloped land development rights held for capital appreciation and/or leasing purposes." How much leasing fee has been generated in FY2021?</p>	<p>As the focus on Pila has been to develop resorts under the Group, the Group has not leased out any of its land development rights, and accordingly, did not report a leasing income for the referenced land holdings in FY2021.</p>

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<p>[Q3] Please refer to page 114 of the Annual Report about “Financial assets, at FVPL”. For the US\$2.209m “Non-listed equity securities – British Virgin Islands”, what industries are these securities in?</p>	<p>These non-listed equity securities refer to the 1,696,636 shares in the capital of Strand Hotels International Limited (“SHIL”), representing 15.28% of the total issued and paid up shares, which were acquired by the Company in 2019.</p> <p>SHIL is a company incorporated in the British Virgin Islands. It is a joint venture partner with the Directorate of Hotels and Tourism Development (formerly known as Myanmar Hotels and Tourism Services), the Republic of the Union of Myanmar and holds a 50% shareholding interest in Myanmar Hotel International Company Limited (“MHIL”). MHIL has acquired long-term leasehold rights and the rights to develop, operate and manage three iconic hotels in Yangon, namely, the Strand Hotel, the Inya Lake Hotel and Hotel G Yangon (formerly known as the Thamada Hotel). SHIL had also entered into another joint venture arrangement with GCP Hospitality Management Limited and holds an 80% shareholding interest in Myanmar Cruise International Limited which owns a boat cruise in Yangon.</p> <p>Please refer to the Company’s announcements dated 26 April 2019, 6 May 2019 and 15 May 2019.</p>
<p>[Q4] Please refer to page 94 of the Annual Report about “Finance expenses”. How did the Group see net currency translation gain of US\$10.005m in FY2021?</p>	<p>Myanmar Kyat had weakened by approximately 29.3% against the USD in FY2021. The Group had 47.29 billion secured and unsecured borrowings denominated in Myanmar Kyat as at 30 September 2021. The net currency translation gain was the result of translating kyat denominated borrowings using closing exchange rate.</p>
<p>[Q5] Please refer to page 99 of the Annual Report about “Trade and other receivables”. May I ask the Audit Committee what was the new US\$81,000 loss allowance on non-trade receivables in FY2021 pertaining to?</p>	<p>The provision for loss allowance in “non-trade receivables” are mostly for receivables relating to a small number of corporate and wedding events which took place in 2019. We are still working to recover the outstanding amount.</p>

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<p>[Q6A] Please refer to page 99 of the Annual Report about “Trade and other receivables”. May I ask the Audit Committee how much of the US\$318,000 “Trade receivables – net” have been collected so far?</p>	<p>The Group had collected a total amount of US\$55,000 from “Trade receivables – net” as at 18 January 2022. The Group will continue to collect the remaining receivables.</p>
<p>[Q6B] And how much of the US\$1.179 million “Non-trade receivables” have been collected so far?</p>	<p>Out of the US\$1.179 million of “Non-trade receivables”, US\$833,000 is a loan to Pun Hlaing Lodge Company Limited, a subsidiary of Yoma Strategic Holdings Ltd., in exchange for the providing its land grant as a security for the Group’s bank borrowing. This loan is on the same interest terms as the Group’s bank borrowing. There is no collection from the loan because repayment to the bank is not due under the prevailing terms of the bank facility.</p> <p>The Group had collected a total amount of US\$38,000 from the remaining US\$346,000 of “Non-trade receivables” as at 18 January 2022.</p>
<p>[Q7] Please refer to page 137of the Annual Report about “Capital commitments”. How will the “capital commitments” trend be like over the next 2-3 years? How will they be funded?</p>	<p>In light of the adverse market and industry outlook, the Group intends to continue to exercise prudence in allocating funds. It foresees that new capital expenditure commitments will be minimal in the coming years until there are substantial improvements in the market environment, and any such expenditure is expected to be funded by the Group’s operating income.</p>

Questions from Shareholder(s)	Replies
<p>[Q8] The company's auditor raised "MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN" in regards to the company.</p> <p>What is the company doing to improve the financial position of the company? Is the company doing anything pro-actively to improve its financial position? Or is it just bidding for time and waiting for the covid pandemic to end?</p>	<p>Since the onset of the pandemic and, later, in light of the deteriorating market environment since the political developments in 2021, the Group has taken rigorous steps to re-scale its operations and drastically cut operating costs. It has also turned its marketing and sales focus to the local market. These has helped to mitigate the impact on operating cash flow. An end of the pandemic would naturally improve the Group's businesses substantially. However, the Group has taken a conservative approach in its business planning and does not take into account the resumption of international tourism in its projections, and hence its action plans. Several possibilities remain available to the Group to improve its funding situation, including the increase of debt, bringing in new equity, and potential sale of non-core assets, as well as negotiating with creditors to restructure repayment terms. The Group will continue to explore these options and have been in various discussions in these regards. The Company will update shareholders as and when it is appropriate to do so.</p>
<p>[Q9] Is there a need for the company to raise money from shareholders in the near future, via rights issue? Or will the company be conducting a placement to raise monies? How does the company intend to meet its financial obligations in the near future?</p>	<p>The Group will remain open to all possible options of funding, although there is no plan to raise money from shareholders via a rights issue in the near future. The Group has in the past received indications of interest to invest, and should a suitable and commercially rational opportunity arise in the future, the option to conduct a placement would be considered. The Company intends to meet its financial obligations with its operating cash flow, utilising credit facilities available, and sale of some non-core assets in the near term. First Myanmar Investment Public Company Limited, a substantial shareholder of the Company, has indicated its intention to provide continuing financial support to enable the Group to meet its financial support to enable the Group to meet its obligation as and when they fall due.</p>

Questions from Shareholder(s)	Replies
<p>[Q10] It is stated that "The Group continues to explore the sale of non-core assets and other fund-raising options" What assets does the company consider as non-core assets?</p> <p>Does the company have any assets that are non-tourism related? If so, what are these?</p> <p>Please comment if the spending power and income level of Burmese are low and hence the Group is not able to rent out its hotel rooms at high rates if International travelers do not return.</p>	<p>The Group views assets that have limited development or expansion potential, and hence limited growth opportunity, and that do not generate significant portion of the Group's cashflow, to be non-core assets.</p> <p>As the Group is in the tourism and hospitality sector, all our assets are tourism-related. Notwithstanding, a significant portion of the Group's asset is relating to land, as referenced under Notes 16 and 17 in the Notes to the Financial Statements, that although are located at tourism destinations, are adaptable to other non-tourism markets.</p> <p>While the average income level in Myanmar is considered low, the Group's products are in the premium segment targeting people of higher levels of income. Nonetheless, it is noted that rates for domestic travelers are generally lower than that of international tourists.</p>
<p>[Q11] Are there any border restrictions currently in place for international travelers in Myanmar? Are foreign tourists allowed to visit Myanmar? Are they subject to many restrictions? Is it onerous for foreigners to travel and visit Myanmar?</p> <p>For FY2021, what is the profile of our customers - percentage of International renters vs local renters staying in our hotel? Versus FY2020?</p>	<p>Please refer to the Company's replies to Question 1.</p> <p>Prior to the closure of the borders, tourists account for approximately 70% of all the Group's hotels customers. After the closure of the borders, the Group's hotel revenue was contributed by the local Myanmar nationals and the expats residing in Myanmar. The Group's hotels didn't receive bookings from tourists during FY2021 (12 months ended 30 September 2021).</p>

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<p>[Q12] Is there a civil war currently occurring in Myanmar?</p> <p>Have any of our properties/hotels been damaged by the civil war?</p> <p>Are our properties/hotels covered by insurance?</p> <p>Any "crystal ball" on when the political uncertainty/social and civil unrest in Myanmar would end?</p> <p>Any "crystal ball" on how and what would bring the political uncertainty/social and civil unrest in Myanmar to an end?</p>	<p>The Group is not disposed to comment on political matters of this nature.</p> <p>No damages to the Group's properties/hotels were observed.</p> <p>The Group maintains insurance coverage for public liability, property damage and business interruption at all its hotels. The insurance excludes loss or damage indirectly or directly caused by war, invasion, acts of foreign enemies, hostilities or warlike operations, civil war, rebellion, revolution, insurrection, civil commotion, and any action of terrorism.</p> <p>The Group is not disposed to provide predictions of this nature.</p> <p>Same as above.</p>