



Memories Group Limited
(Company Registration No. 201201631D)

Unaudited Financial Statements and Dividend Announcement
For Six-Months Period ended 31 March 2021

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

This announcement presented the financial result of six-month period from 1 October 2020 to 31 March 2021 ("HY2021") in comparison to comparative period from 1 October 2019 to 31 March 2020 ("HY2020").

	The Group		
	HY2021	HY2020	Change
	(Unaudited)	(Unaudited)	
	US\$'000	US\$'000	%
Revenue	1,374	8,745	-84.3%
Cost of sales	(912)	(4,787)	-80.9%
Gross profit	462	3,958	NM
Other income, net	(301)	333	NM
Expenses			
- Administrative	(4,001)	(6,058)	-34.0%
- Selling & distribution	(45)	(169)	-73.4%
- Finance costs	278	(4,280)	NM
Loss before income tax	(3,607)	(6,216)	NM
Income tax expense	17	24	-29.2%
Net loss representing total comprehensive loss attributable to equity holders of the Company	(3,590)	(6,192)	-42.0%

NM-Not Meaningful (if changes in percentage is above 100%)

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Loss for the financial period is stated after charging/ (crediting) the following:

	The Group		
	HY2021	HY2020	Change
	(Unaudited)	(Unaudited)	
	US\$'000	US\$'000	%
Depreciation of property, plant and equipment	1,223	1,346	-9.1%
Amortisation of intangible assets	52	53	-1.9%
Foreign exchange loss/(gain), net	350	(227)	NM
Interest income from bank deposit	(37)	(45)	-17.8%
Interest expense on borrowings	1,941	1,655	17.3%
Interest expense on convertible bonds	80	79	1.3%
Interest expense on lease liabilities	81	16	NM
Interest expense on liabilities	19	-	NM
Currency translation (gain)/loss on borrowings	(2,400)	2,530	NM

NM-Not Meaningful (if changes in percentage is above 100%)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31.03.2021 (Unaudited)	30.09.2020 (Audited)	31.03.2021 (Unaudited)	30.09.2020 (Audited)
	US\$'000	US\$'000	US\$'000	US\$'000
Assets				
Current assets				
Cash and bank balances	562	406	61	91
Trade and other receivables	2,528	2,469	13,438	13,117
Inventories	272	220	-	-
	3,362	3,095	13,499	13,208
Non-current assets				
Investment in subsidiary corporations	-	-	67,481	67,482
Property, plant and equipment	48,595	49,814	-	-
Investment properties	17,350	17,350	-	-
Financial assets at fair value through profit or loss	2,414	2,414	-	-
Intangible assets	3,889	3,941	-	-
Other receivables	710	763	-	-
	72,958	74,282	67,481	67,482
Total assets	76,320	77,377	80,980	80,690
Liabilities				
Current liabilities				
Trade and other payables	14,656	13,403	15,680	15,242
Borrowings	2,116	3,051	-	-
Current income tax liabilities	385	394	-	-
	17,157	16,848	15,680	15,242
Non-current liabilities				
Borrowings	32,094	29,927	-	-
Convertible bonds	3,454	3,374	3,454	3,374
Deferred income tax liabilities	2,202	2,225	-	-
Provisions	92	92	-	-
	37,842	35,618	3,454	3,374
Total liabilities	54,999	52,466	19,134	18,616
Net Assets	21,321	24,911	61,846	62,074
Equity				
Share capital	84,544	84,544	84,839	84,839
Accumulated losses	(43,665)	(40,075)	(23,578)	(23,350)
Other reserves	(19,558)	(19,558)	585	585
Total equity	21,321	24,911	61,846	62,074

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 March 2021		As at 30 Sept 2020	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
1,980	136	2,823	228

Amount repayable after one year

As at 31 March 2021		As at 30 Sept 2020	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
29,513	6,035	26,471	6,830

Total secured borrowings of the Group as at 31 March 2021 of Kyat 44 billion (approximately US\$31.49 million) (30 September 2020: Kyat 38.41 billion (approximately US\$29.3 million)) consisted of the following: -

- (a) a bank loan of Kyat 20 billion (approximately US\$14.41 million) owing by Pun Hlaing Lodge Hotel Management Limited (30 September 2020: Kyat 19.2 billion (approximately US\$14.6 million)). The facility is secured by 2.2 acres plot of land and building in Pun Hlaing Estate where Awei Metta is situated;
- (b) a bank loan of Kyat 18.56 billion (approximately US\$13.18 million) owing by Shwe Lay Ta Gun Travels & Tour Limited (30 September 2020: Kyat 19.21 billion (approximately US\$14.7 million)). The facility is secured by several plots of land in Bagan making up a total of 4.31 acres; and
- (c) a bank loan of Kyat 5.5 billion (approximately US\$3.90 million), (30 September 2020: nil) owing by Southern Myanmar Capital Limited. The facility is secured by the land and building for Hotel Suggati Mawlamyaing of 0.424 acres and the land and building for Hotel Keinnara Hpa-An of 2.48 acres.

Total unsecured borrowings of the Group as at 31 March 2021 of US\$6.17 million were in relation to:-

- (a) convertible bonds of US\$3.45 million (the principal amount of US\$3.12 million) at the coupon rate of 5% per annum by the Company as consideration for an acquisition of 1,696,636 shares representing 15.28% of the total issued and paid-up shares in the capital of Strand Hotels International Limited;
- (b) lease liabilities of approximately US\$1.68 million arising from the adoption of SFRS(I) 16 Leases;
- (c) a loan of US\$1.0 million owing by Chindwin Investment Limited; and
- (d) a Covid-19 relief loan of Kyat 0.05 billion (approximately US\$0.04 million) at the interest rate of 1% per annum owing by Traditional Lodge Hotel Limited.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	
HY2021 (Unaudited)	HY2020 (Unaudited)
US\$'000	US\$'000
Operating activities	
Net loss	(3,590)
Adjustments for:	
- Income tax expense	(17)
- Interest income from other receivables	(37)
- Depreciation of property, plant and equipment	1,223
- Amortisation of intangible assets	52
- Interest expense	2,121
- Unrealised currency translation (gain)/loss	(1,162)
	(1,410)
Working capital changes	
- Inventories	(52)
- Trade and other receivables	(22)
- Trade and other payables	72
Cash (used in)/generated from operations	(1,412)
Interest received	-
Income tax paid	(15)
Net cash (used in)/provided by operating activities	(1,427)
Investing activities	
Additions to property, plant and equipment	-
Net cash used in investing activities	(447)
Financing activities	
Proceeds from borrowings	1,687
Interest paid for borrowing	-
Repayment of lease liabilities	(96)
Net cash provided by/(used in) financing activities	1,591
Net increase/(decrease) in cash and cash equivalents	164
Cash and cash equivalents at beginning of financial period	406
Effects of currency translation on cash and cash equivalents	(8)
Cash and cash equivalents at end of financial period	562
	835

1(d)(i) A statement (for the issue and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues distributions to shareholders, together with a comparative statement for the corresponding period of the immediately financial year.

Statement of Changes in Equity

<u>The Group</u>	Share Capital	Accumulated losses	Equity component of convertible bonds	Restructuring Reserve	Other reserve	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 October 2020	84,544	(40,075)	66	(20,190)	566	24,911
Total comprehensive loss	-	(3,590)	-	-	-	(3,590)
As at 31 March 2021	84,544	(43,665)	66	(20,190)	566	21,321
As at 1 October 2019	84,544	(10,206)	-	(20,190)	566	54,714
Total comprehensive loss	-	(6,192)	-	-	-	(6,192)
As at 31 March 2020	84,544	(16,398)	-	(20,190)	566	48,522

<u>The Company</u>	Share capital	(Accumulated losses)	Currency Translation Reserve	Equity component of convertible bonds	Other reserve	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 October 2020	84,839	(23,350)	(47)	66	566	62,074
Total comprehensive loss	-	(228)	-	-	-	(228)
As at 31 March 2021	84,839	(23,578)	(47)	66	566	61,846
As at 1 October 2019	84,839	(8,015)	(47)	-	566	77,343
Total comprehensive loss	-	(705)	-	-	-	(705)
As at 31 March 2020	84,839	(8,720)	(47)	-	566	76,638

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital – Ordinary Shares

As at 31 March 2021 and 30 September 2020

No of ordinary shares of the Company	Issued and paid-up share capital of the Company (US\$)
502,170,955	84,840,235

Convertible Bonds

As at 31 March 2021 and 31 March 2020, there were unlisted convertible bonds in the principal amount of US\$3.12 million ("**Convertible Bonds**") outstanding. Assuming full conversion of the Convertible Bonds, up to 19,829,729 ordinary shares of the Company may be allotted and issued.

Memories Performance Share Plan ("Memories PSP")

The Company did not allot and issue any new shares pursuant to the Memories PSP during the six-month period ended 31 March 2021. As at 31 March 2020, there were no outstanding shares to be issued under the Memories PSP.

Treasury Shares and Subsidiary Holdings

The Company did not have any subsidiary holdings or treasury shares as at 31 March 2021 and at 31 March 2020.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	31 March 2021	30 September 2020
Total number of issued shares	502,170,955	502,170,955

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's independent auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: —

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that has material uncertainty relating to going concern.

Not required as Independent Auditor's opinion issued for the financial period ended 30 September 2020 was Material Uncertainty Related to Going Concern and Disclosure in Relation to the Effects of the Coronavirus-19 Pandemic.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those applied to its audited financial statement for the financial period ended 30 September 2020.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted the new/revised Singapore Financial Reporting Standards (International) ("**SFRS(I)s**"), that are effective for annual periods beginning on or after 1 October 2020. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The followings are the new or amended SFRS(I)s and SFRS(I) Interpretations that are relevant to the Group:

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

The adoption of the SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group	
	HY2021 (Unaudited)	HY2020 (Unaudited)
	US\$'000	US\$'000
Loss attributable to equity holders of the Company (US\$'000)	(3,590)	(6,192)
Add: Interest expenses on convertible bonds**	80	79
Adjusted loss attributable to equity holders of the Company for the purpose of computing diluted loss per share	(3,510)	(6,113)
Weighted average number of ordinary shares in issue for computing basic loss per share ('000)	502,171	502,171
Shares to be issued* (000)	3,891	3,891
Convertible bonds** (000)	19,830	19,830
Weighted average number of ordinary shares for computing diluted loss per share ('000)	525,892	525,892
Basic and Diluted loss per share (US\$ cents)***	(0.70)	(1.20)

The weighted average number of shares in issue for the purpose of calculating diluted loss per share had been adjusted as if all performance share awards and the additional issuances of shares to U Kun Naung Myint Wai ("UKNMW") were issued as at 30 September 2020.

* Shares to be issued are in relation to the 3,890,640 consideration shares which will be allotted and issued to UKNMW as part of the purchase consideration for the acquisition of the business of Kayah Resort ("Keinnara Loikaw") upon satisfaction of certain conditions.

** Convertible bonds are assumed to have been converted into ordinary shares at issuance and the net loss is adjusted to eliminate the interest expense less any tax effect.

*** The diluted loss per share computations have not taken into consideration the effects of the shares to be issued and convertible bonds as at 31 March 2021, as they were anti-dilutive pursuant to para 41 of SFRS(I) 33 Earnings per Share.

The basic and diluted EPS are the same for the Group as at 31 March 2021.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) Current period reported on; and
(b) Immediately preceding financial year.

	The Group		The Company	
	As at 31.03.2021 (Unaudited)	As at 30.09.2020 (Audited)	As at 31.03.2021 (Unaudited)	As at 30.09.2020 (Audited)
	US\$'000	US\$'000	US\$'000	US\$'000
Net asset value (US\$'000)	21,321	24,911	61,846	62,074
Number of ordinary shares in issue ('000)	502,171	502,171	502,171	502,171
Net asset value per ordinary share (US cents)	4.25	4.96	12.32	12.36

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss: -
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Group's performance for Six months ended 31 March 2021 as compared to the Six months ended 31 March 2020

This announcement discusses the performance of six-month period from 1 October 2020 to 31 March 2021 ("HY2021") in comparison to comparative period from 1 October 2019 to 31 March 2020 ("HY2020").

Consolidated Statement of Comprehensive Income

Extracted Statement of Comprehensive Income	The Group		
	HY2021 (Unaudited)	HY2020 (Unaudited)	Change
	US\$'000	US\$'000	%
Hotels	999	1,882	-46.9%
Experiences	-	5,282	NM
Services	375	1,581	-76.3%
Total	1,374	8,745	-84.3%
Cost of Sales	(912)	(4,787)	-80.9%
Gross Profit	462	3,958	-88.3%
Other income, net	(301)	333	NM
- Administrative Expense	(4,001)	(6,058)	-34.0%
- Selling & distribution	(45)	(169)	-73.4%
- Finance costs	278	(4,280)	NM
Total Comprehensive Loss	(3,590)	(6,192)	NM

Beginning in March 2020, the Group's businesses have been directly and significantly impacted by the Covid-19 pandemic. Government's controls on incoming travellers in response to the pandemic, as well as travel restrictions globally, have decimated Myanmar's market for overseas inbound tourists, which historically comprised the majority of the Group's clientele. Since September 2020 with the onset of a second wave of Covid-19, domestic travel was stringently restricted which further affected the Group's businesses. All of the Group's business units, except for Awei Metta, have at various points in time suspended their operations accordingly. Furthermore, on 1 February 2021, Myanmar's military announced a State of Emergency and taken over the government ("Political Event"), triggering nationwide demonstrations and civil movements in protest which caused severe disruptions in the economy and society. The following commentary on the Group's financial results make references to these two major events in Myanmar.

The Group's total revenue for the six months ended 31 March 2021 decreased by 84% to US\$1.37 million as compared to US\$8.75 million for six months ended 31 March 2020.

The decline in the Group's revenue is attributable to all business segments of the Group.

Revenue from the Group's Hotel segment decreased by 47% to US\$0.99 million for the six months ended 31 March 2021, compared to the same period previous year. Despite a 101% increase in revenue for Awei Metta Hotel due to higher occupancy, overall decline of revenue in Hotel segment was caused by closure of Keinnara Loikaw hotel and Keinnara Hpa-An hotel, and low occupancy at Awei Pila hotel and Hotel Suggati Mawlamyaing due to Covid-19 outbreak and the Political Event

The revenue from Experience segment for six months ended 31 March 2021 reduced by US\$5.28 million owing to the suspension of operations in Balloons Over Bagan business ("**BOB Business**") and Burma Boating business due to Covid-19 and the Political Event.

Revenue from Service segment for the six months ended 31 March 2021 reduced by US\$1.21 million. This is mainly caused by decrease of US\$1.59 million revenue in Destination Management Company business (“**DMC Business**”) due to a significant fall in demand for travel in the country. Meanwhile new food and beverage outlets in Pun Hlaing Country Club generated US\$0.38 million.

The Group’s cost of sales decreased by 81%, to US\$3.86 million. This is mainly explained by a reduction in direct expenses of US\$2.03 million from lower business volume, and reduction of operational staff cost of US\$1.38 million. However, this decrease is mitigated by an increase in cost of sales in new food and beverage outlets in Pun Hlaing Country Club.

The Group recorded gross profit of US\$0.46 million, mainly contributed by Awei Metta hotel and Pun Hlaing Country Club. A lower gross profit margin of 33.6%, as compared to 45.3% in the same period last year, is explained by changes in revenue mix, where contribution shifted the high margin Hotel segment to the relatively lower margin food and beverage segment.

The Group’s administrative expenses reduced by approximately US\$2.06 million, mainly from US\$0.72 million savings in administrative staff cost, the absence of US\$0.63 million in fraud related write off, US\$0.20 million decrease in transportation expenses, US\$0.12 million decrease in bank charges and US\$0.12 million decrease in depreciation.

The decrease in finance costs by US\$4.56 million resulted from currency translation gain of US\$4.93 million against the Group’s Kyat-denominated borrowings in light of a weakening of the Kyat against US\$, offset by US\$0.37 million increase in interest expenses from additional bank borrowings.

As a result of the above, the Group recorded a net loss after tax of US\$3.59 million for six months ended 31 March 2021 as compared to a net loss after tax of US\$6.22 million for six months ended 31 March 2020.

Consolidated statement of financial position as at 31 March 2021 and 30 September 2020

Extracted Statement of Financial Position	The Group	
	As at 31 March 2021	As at 30 Sep 2020
	US\$’000	US\$’000
Current Assets	3,362	3,095
Non-current Assets	72,958	74,282
Total Assets	76,320	77,377
Current Liabilities	17,157	16,848
Non-current Liabilities	37,842	35,618
Total Liabilities	54,999	52,466
Net Assets	21,321	24,911

Current assets increased by US\$0.27 million as at 31 March 2021 mainly due to US\$0.16 million increase in cash and cash equivalent, US\$0.05 million increase in trade and other receivables and US\$0.05 million increase in inventories from Pun Hlaing Country Club.

Investment properties relate to undeveloped land development rights at Kyun Pila island acquired for capital appreciation and / or leasing purposes. The Group’s minority investment in Strands Hotel International Limited was recognised as financial assets at fair value.

Decrease of US\$1.22 million and US\$0.05 million in the Group’s property, plant and equipment and intangible assets respectively were mainly due to depreciation and amortisation charge for the period.

Current and non-current borrowings as at 31 March 2021 totaling US\$37.66 million was after additional borrowings and repayment of unsecured loan.

As at 31 March 2021, the Group was in a net current liabilities position of US\$13.79 million mainly arising from payables for the development cost of Awei Metta hotel, Awei Pila hotel and Hotel Suggati Mawlamyaing (Hotel Segment).

The Group had undertaken the following steps to address the Group’s negative working capital as at 31 March 2021:

- (a) Out of the net current liabilities of US\$13.7 million, US\$5.3m is non-trade payables to related parties of the Group. The Group had obtained written confirmation from related parties not to demand for repayment within the next 12 months, and US\$8.4million is payable to third-party creditors and current portion of bank borrowings.

- (b) There is a US\$0.76 million unutilised credit facility from secured loan and a US\$1.43 million unutilised credit facility from unsecured loan obtained in October 2020 from the bank is available to the Group for drawdown if required.
- (c) There is also a US\$1 million unutilised credit facility from Myanmar Outlook Investment Company Limited that is available to the Group for drawdown if required.
- (d) A non-binding term sheet on the terms of the US\$ 10 million convertible loan had been executed in December 2020. Based on the current status of the negotiations, parties are targeting to finalise the definitive agreement by June 2021. The Company believes that shareholders of the Company would be supportive of the convertible loan agreement and is targeting to convene the general meeting to seek shareholders' approval by September 2021.
- (e) The Group is currently in discussions with its bankers to capitalise or defer the interest payable US\$1.74 million.
- (f) The Group will continue to engage in negotiations with creditors regarding deferred repayment plans, implement cost reduction initiatives, defer non-essential capital and operating expenditure in order to preserve working capital and liquidity and monitor the situation so as to adapt its response to developments as they arise during this time of severe macroeconomic uncertainties. Furthermore, in addition to the voluntary salary reduction undertaken by senior management since April 2020, the Group has further reduced its manpower and implemented additional salary reductions.

The Board confirms that the Group will be able to meet its short-term debt obligations when they fall due based on the implementation of the above-mentioned steps, and able to continue to operate as a going concern and confirm that all material disclosures have been provided for trading of the Company's shares to continue in an orderly manner.

Review of Statement of Cash Flows

Extracted Statement of Cash Flows	The Group	
	HY2021 (Unaudited)	HY2020 (Unaudited)
	US\$'000	US\$'000
Net cash (used in)/provided by operating activities	(1,427)	640
Net cash used in investing activities	-	(447)
Net cash provided by/(used in) financing activities	1,591	(857)
Effects of currency translation on cash and cash equivalents	(8)	-
Net decrease in cash and cash equivalent	156	(664)
Cash and cash equivalent at the beginning	406	1,499
Cash and cash equivalent at the end	562	835

The Group's net cash used in operating activities amounted to US\$1.43 million for the six months ended 31 March 2021, which comprised operating cash outflow of US\$1.41 million before changes in working capital, and net working capital outflow of US\$0.01 million which was mainly due to increase in trade receivables and inventories.

There was no movement for cash used in investing activities for the six months ended 31 March 2021 because the Group has suspended future investments amid uncertainties caused by Covid-19 outbreak and political development.

The Group's net cash provided from financing activities for the six months ended 31 March 2021 amounted to US\$1.59 million. This was mainly from the proceeds of US\$4.24 million secured loan from bank, repayment of an unsecured loan of US\$2.55 million and payment of lease liability of US\$0.10 million.

As at 31 March 2021, the Group's cash and cash equivalents amounted to approximately US\$0.56 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The Group released a Business Updates and Profit Guidance on 16 April 2021 in which it was stated that, “the Group expects to report an operating loss for HY2021 mainly due to recent political developments in Myanmar and the on-going Covid-19 pandemic which have continued to severely impact the tourism sector in Myanmar”.

The financial results disclosed in this announcement are consistent with the aforementioned statement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Macroeconomic Outlook

Myanmar’s military announced a state of emergency on 1st February 2021 and had taken over all apparatus of government. Since then the political developments of Myanmar have been widely reported in media and have attracted significant attention globally. In response there has been nationwide protests and civil movements demanding for the restoration of a democratically elected government. The events of the last three months amounted to severe disruptions in the economy and society including, for example, intermittent suspensions of internet, night time curfew, strikes in the civil services and banks, and widespread vitriol on social media. Whilst street protests have diminished in scale as a result of military’s suppression, significant uncertainties still remain as to when and how these disruptions would evolve.

Meanwhile, impact of the Covid-19 pandemic on global travel has not subsided. Coupled with the political developments, oversea arrivals into Myanmar has been minimal. Covid-19 infection rate in Myanmar has largely been stable, although the number of tests have also been low. Mandatory quarantine for international arrivals are still currently in place, but domestic Covid-19 related travel restrictions have mostly been dismantled while other social distancing restrictions are not stringently enforced. However, the appetite for domestic travel and social gathering has declined markedly in light of the current political situation. Myanmar has started its vaccination programme and has made vaccines available for most of the urban population. However, the take up rate remains low.

Business Outlook

Against the backdrop of restricted borders, political uncertainties and continuing negative media, the Group has dampened its business forecast substantially. International tourists are not anticipated to enter Myanmar at least for the remaining of 2021. Demand for domestic travel and events – the other important source of customers for the Group – is expected also to be reduced.

Of the Group’s businesses, only Awei Metta and its related food & beverage outlets in Pun Hlaing Country Club are currently in operation as of May 2021. Another two key businesses – Balloons over Bagan and Awei Pila – have entered into the monsoon season when, as customarily, operation is suspended until October. These two businesses are still planned to re-open after the monsoon period, but on a much reduced scale. The other of the Group’s hotels remain closed until further notice.

Given the negative business outlook, the Group has undergone major cost cutting to reduce overheads and to manage cash flow appropriately.

11. If a decision regarding dividend has been made

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No

(b) (i) Amount per share (cents)

No

(ii) Previous corresponding period (cents)

No

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived (if the dividend is not taxable in the hand of shareholders, this must be stated).**

Not applicable

- (d) **The date the dividend is payable.**

Not applicable

- (f) **The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable

12. **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been recommended for the current financial period reported on as the Group incurred a loss.

13. **If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The details of interested person transactions from 1 October 2020 to 31 March 2021 entered into by the Group are set out 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 the financial period under review which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
General IPTs			
Hlaing River Golf Club Company Ltd	Associate of Mr Serge Pun, Executive Chairman of the Company	-	US\$ 130,310
Support Services IPTs			
Yoma Strategic Holdings Ltd	Controlling Shareholder of the Company	-	US\$ 191,724
TOTAL		-	US\$322,034

- (a) Mostly relates to payments to third party sub-contractors by SPA Design and Project Services Ltd for the provision of project management services for the Group's hotels.

14. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the Catalist Rules

Not Applicable

15. Negative Confirmation by the Board Pursuant to Rule 705(5)

To the best of the Board of Directors' knowledge, nothing has come to their attention which may render the unaudited financial results of the Group for the six-month period ended 31 March 2021 to be false or misleading in any material aspect.

16. Confirmation that the issue has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

BY ORDER OF THE BOARD

Cyrus Pun
Executive Director and Chief Executive Officer
11 May 2021

This announcement has been reviewed by the Company's sponsor, Prime Partners 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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