



Memories  
GROUP

---

MYANMAR

*Explore, Embrace, Experience*

---

Memories Group Limited  
Annual Report 2018







## Contents

---

01	Corporate Profile
04	Business Segments
10	Chairman's Message
13	Board of Directors
16	Management
18	Group Structure
19	Financial Highlights
20	Operational Review
21	Sustainability Report
25	Financial Contents
26	Corporate Governance
105	Shareholding Statistics
107	Notice of Annual General Meeting

---

This Annual Report has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this Annual Report. This Annual Report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Annual Report including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Annual Report. The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)).



# Corporate Profile

## ABOUT US

Memories Group Limited (“Company”, or collectively with its subsidiaries, “Memories Group”) is a tourism company in Myanmar that was listed on the Catalist board of the SGX-ST through a reverse acquisition on 5 January 2018. Memories Group operates an “Integrated Tourism Platform” which synergistically connects all its businesses to provide a seamless, one-of-a-kind experience aimed at creating lasting memories.

Memories Group’s strategy is to leverage on its first mover advantage and further establish its position as a leading tourism company in Myanmar in its three business segments – Experiences, Hotels, and Services.

Memories Group is affiliated with Yoma Strategic Holdings Ltd. (“Yoma Strategic”) and First Myanmar Investment Company Limited (“FMI”), two publicly listed conglomerates with a long track record in Myanmar. This affiliation allows 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 Main Board of the SGX-ST in 2006, while FMI was the first company listed on the Yangon Stock Exchange (“YSX”) in 2016.

## MISSION

To provide high-quality travel, tourism, leisure and recreation experiences to customers, through environmentally sustainable practices.

## VISION

To become the leading tourism company in Myanmar with a sustainable way of developing our economic assets.



## *Explore, Embrace and Experience Myanmar with Memories Group*

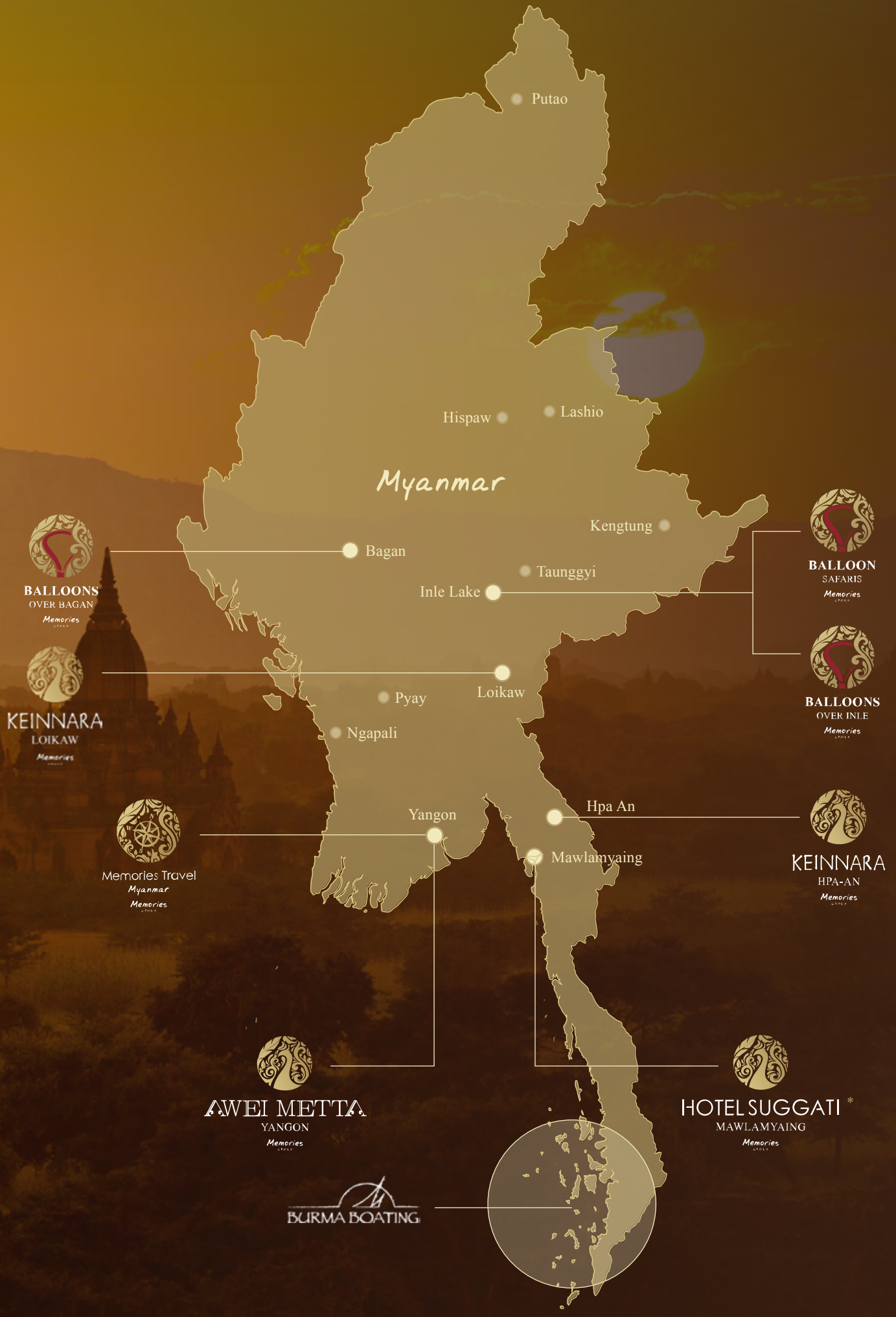
---

Memories Group's Integrated Tourism Platform offers a range of quality products and services under a cohesive brand overseen by a highly qualified management team. The internationally experienced team is made up of both expatriates and Myanmar nationals.

Memories Group has a strong international network and brand recognition through its well-established international sales channels and representative channels abroad. 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.

---





\* This is designed and built under the supervision of Memories Group. It will be managed by Memories Group upon completion.

BUSINESS SEGMENTS

## *Experiences*

---

Ride a hot-air balloon over Bagan and Inle Lake, take a scenic trek around the mountains, or dive in the Mergui Archipelago with Memories Group. These are Experiences you will never forget.

---





#### BALLOONS OVER BAGAN AND BALLOONS OVER INLE

Memories Group's Experiences segment includes Balloons Over Bagan, Balloons Over Inle, Burma Boating and Bagan Land. Balloons Over Bagan is currently the largest commercial hot-air balloon operation in Myanmar, with 12 balloons operating out of Bagan and two at Inle Lake carrying more than 20,000 people every season. Its iconic burgundy coloured balloons and branding have been featured on many travel magazine covers, hence becoming one of Myanmar's most popular tourist attractions. Tourists booking a ride in the hot-air balloons get to choose from two ride options – a classic balloon ride or a premium variety which includes a continental breakfast in addition to light refreshments and champagne at the end of the ride.

Floating over the plains of Bagan, balloon riders get a bird's eye view of a seemingly never-ending blend of thousands of stupas and greenery against the backdrop of a sunrise. Similarly, Balloons Over Inle glide over the floating farms of Inle and riders get to witness skilled fishermen fishing for the day's catch and paddling boats with a single leg on the oar while balancing at the stern on the other. Inle Lake was Myanmar's first destination to receive a UNESCO certification under the World Network of Biosphere Reserves list.

The balloons flight season runs from October to April annually when the weather is calm and dry.

#### BURMA BOATING



Burma Boating is a well-known luxury yachting company that offers guests a premium cruise experience on luxury yachts in the Mergui Archipelago in southern Myanmar. It owns the 85-foot, 4-cabin Meta IV yacht and partners with several other yacht owners to offer a wide range of yachts available for charter.

The Mergui Archipelago is a sparsely populated region with more than 800 islands of varying sizes and home to the native Moken people. Also called "sea gypsies", these indigenous people lead a semi-nomadic lifestyle and are trained from young to dive for seafood. The Archipelago remains one of Earth's most unspoilt regions and steps are taken by the government as well as private tourism operators to ensure that sustainable and ecotourism practices are maintained. Its rich marine life and biodiversity also presents an opportunity to see endangered marine species such as the whale shark and dugong amongst untouched coral reefs.

Travellers to the Archipelago typically spend up to a week exploring the islands and the clear blue waters of the Andaman Sea. To do so, they can join Burma Boating on a scheduled cruise trip with other travellers, or privately charter a yacht for themselves.

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

#### BAGAN LAND



The Myanmar government had recently applied for Bagan to be on the UNESCO World Heritage Site list and the result of that is still pending. As such, Bagan Land is still undergoing feasibility studies on the development of the land, and if approved, the Company intends to develop it into a commercial tourism-related development.

Bagan has over 2,000 temples and pagodas surviving to this day since the rise and fall of the Pagan Kingdom. Many of these remnants were built in the 11th to 13th centuries when the empire was at its peak and wealthiest. It reflects the strong culture Bagan had which was dominated by Buddhism. Now, many tourists visit Bagan for its archaeological and architectural edifices. One can either choose to ride a hot-air balloon and take in the panoramic views of Bagan or explore the plains on an eco-friendly electric bike.



## BUSINESS SEGMENTS

*Hotels*

Memories Group is building a portfolio of hotels, resorts and lodges throughout country's major tourist and business destinations, as well as developing new potential tourism destinations in Myanmar under its own suite of brands. Stay at one of Memories Group's exclusive Awei, Keinnara and Suggati brands of hotels which are equivalent to the five, four and three-star international hotel standards respectively.

**PUN HLAING LODGE (AKA AWEI METTA)**

Pun Hlaing Lodge, which is slated to be completed by end of FY2019, is an upscale 46-room development outfitted with full hotel facilities including an exclusive cigar room. It is situated within the Pun Hlaing Estate in Yangon that has a Gary Player designed 18-hole golf course which guests of the hotel have priority access to. This development will be especially attractive to international and domestic event organisers, golf tourists, spectators, competitors as well as business travellers.

Yangon is the largest city in Myanmar with over seven million inhabitants<sup>1</sup>. It boasts the largest number of colonial-era buildings in Southeast Asia<sup>2</sup> and is home to the sacred Shwedagon Pagoda as well as the 2,000-year-old Sule Pagoda.

**HPA AN LODGE (AKA KEINNARA HPA AN)**

Hpa An Lodge is a 19-room boutique hotel surrounded by natural, lush greenery. Located in the foothills of Mount Zwegabin, the property has 18 wooden cottages designed in Karen-style architecture and one new sky dome villa that sits atop a rocky cliff. Hpa An Lodge is fully equipped with modern facilities to provide guests with a comfortable stay. The lodge also frequently organises trekking and exotic village excursions, sunset cruises on the Than Lwin River, and picnic lunches in a traditional Karen House.

The town of Hpa An is the picturesque capital of Kayin State. It is surrounded by caves and mountains and draws many visitors because of its dramatic karst mountain scenery. Mount Zwegabin in Hpa An is a popular tourist destination which attracts hundreds of adventurous visitors each day trekking up the mountain for a rewarding view from the summit.

<sup>1</sup> [http://www.dop.gov.mm/sites/dop.gov.mm/files/publication\\_docs/yangon\\_region\\_census\\_report\\_-\\_english.pdf](http://www.dop.gov.mm/sites/dop.gov.mm/files/publication_docs/yangon_region_census_report_-_english.pdf)

<sup>2</sup> <https://www.mmtimes.com/news/old-buildings-new-lives.html>





#### KAYAH RESORT(AKA KEINNARA LOIKAW)

Kayah Resort is located in Loikaw, Kayah State, and has 24 bungalows and two executive suites on its property. Memories Group plans to refresh and enhance the resort's facilities and increase its room rate in order to generate a better yield.

Kayah State is home to many distinctive tribal cultures, but the most internationally known is the Kayan, whose 'long-necked' women have a tradition of sporting metal coils around their necks. Kayah State offers pristine nature, lush landscapes, scenic hikes and 'off the beaten track' experiences to tourists. Another popular attraction in Loikaw is the Kyet Cave, which is the third longest cave in Myanmar.



#### HOTEL SUGGATI MAWLAMYAING

Hotel Mawlamyaing which will open by the end of FY2019, is a newly built hotel in the city of Mawlamyaing, Mon State. The 72-room business and leisure hotel is designed and built under the supervision of Memories Group. Upon its completion and when it begins its operations later this year, it will be managed by Memories Group.

Mawlamyaing is the fourth largest city in Myanmar with a population of about 400,000 people<sup>3</sup>. Formerly known as Moulmein, it was once a major port and the administrative capital of British Lower Burma. The town's signature landmark is the Kyaikthanlan Pagoda. It stands on a ridge, giving a panoramic view of the city, and is surrounded by 34 smaller temples. Among its sacred treasures is a hair relic of Buddha, as well as the Tripitaka Buddhist manuscripts.



## BUSINESS SEGMENTS

## Services

Memories Group's Services segment comprises travel and destination management, creates new opportunities to explore regions previously unknown to international travellers. With in-depth knowledge of the local landscape and global experience in hospitality, Memories Group is committed to ensuring that every detail of the travel itinerary from transportation logistics, cultural experience to recreational activities, is handled with care and attention so that its customers can travel with ease.

### ASIA HOLIDAYS TRAVEL & TOURS CO. LTD AKA MEMORIES TRAVEL

Asia Holidays Travel & Tours Co. Ltd ("AHTT") provides full-scale and personalised tour services which include designing and organising fully customised itineraries and tour packages for agencies and individuals, as well as customising unique excursions, activities and cultural experiences for the travellers.

AHTT also organises MICE events in Myanmar and manages tour logistics including recommending and booking accommodation, restaurants and transportation. During a stay in Myanmar, AHTT will also arrange and provide multi-lingual travel guides for the tour itineraries. AHTT collaborates with Phoenix Voyages, a destination management company based in Ho Chi Minh City, Vietnam. Together, AHTT and Phoenix Voyages frequently participate in trade shows around Europe, America and Asia.







EXPLORE, EMBRACE, EXPERIENCE



# Chairman's Message



“

*As we invest in building up our unique integrated tourism platform which interconnects the Group's Experiences, Hotels and Services business segments under one umbrella brand, investors and industry practitioners alike have come to notice us because of the benefits such a platform brings.*

”

Dear Shareholders,

It is my pleasure to present to you our inaugural annual report for Memories Group Limited.

This year will always be memorable for us as we became the first Myanmar focused tourism company to be listed in Singapore on 5 January 2018. As part of our listing, we conducted a successful compliance share placement of 42.6 million new shares which raised a net total of US\$ 7.8 million (equivalent to S\$10.7 million). This represents the first step in paving the way for the Group to grow into a leading tourism company in Myanmar, as we envision it to be.

As we invest in building up our unique integrated tourism platform which interconnects the Group's Experiences, Hotels and Services business segments under one umbrella brand, investors and industry practitioners alike have come to notice us because of the benefits such a platform brings. It allows us to showcase our assets at a glance, provide ample cross-selling

opportunities, operational synergies as well as economies of scale.

Our listing in Singapore has raised our profile in Myanmar with many tourism-related business owners approaching us, wanting to work with us and be a part of a larger and stronger group. Be it looking for potential business alliances, M&A opportunities or a hospitality management contract service, we are on track in scaling up our portfolio of brands and becoming a premium, high-quality tourism company.

Since the listing, Memories Group has introduced a number of brands under our management. We have the Balloons branding, Burma Boating, Memories Travel (aka AHTT), and the Awei, Keinnara and Suggati brands to differentiate between our hotel assets. Our Awei, Keinnara and Suggati brands are the equivalent to the five, four and three-star international hotel standards respectively, and each aims to cater to a different market segment.

Memories Group recently acquired two quality assets – Burma Boating and Kayah

Resort, in March and May this year. These latest acquisitions bring the total number of assets under management to eight, consisting of Balloons Over Bagan, Burma Boating, Bagan Land, Memories Travel, Awei Metta (aka Pun Hlaing Lodge), Keinnara Hpa An, Keinnara Loikaw (aka Kayah Resort) and Hotel Suggati Mawlamyaing<sup>1</sup>.

Burma Boating is a well-known luxury yachting company that offers premium cruise experiences in the Mergui Archipelago, which is home to the native Moken people, while Kayah Resort, which will be rebranded as Keinnara Loikaw, is a boutique resort in Loikaw, Kayah State, another popular tourist destination.

Aside from the newest additions to our portfolio, Balloons Over Bagan has continued to enjoy a healthy occupancy rate and Burma Boating has secured pre-bookings till the end of May 2019.

Keinnara Hpa An saw a slight drop in occupancy rate this fiscal year due to a decline in tourist arrivals but this was mitigated by a 10% increase in room rates.



MYANMAR TRAVEL AND TOURISM  
CONTRIBUTING TO THE NATION'S GDP

US\$  
*1,970 million*  
*in 2017<sup>4</sup>*

US\$  
*3.2 million*  
*in 2011<sup>5</sup>*

For Keinnara Loikaw, Memories Group plans to refresh and enhance the resort and increase its room rate in order to generate a better yield. Awei Metta, or better known as Pun Hlaing Lodge, will be completed by the end of FY2019, while Memories Group's destination management company AHTT, continues to generate healthy revenue through direct and indirect bookings of its luxury tours, unique excursions and activities, cultural experiences, and MICE events.

As April to September is Myanmar's wet season, there is a lull in tourism activities during this period. Nonetheless, our sales and marketing team continues to work hard all year round to keep our hotels occupied. This is also the time where they start accepting pre-bookings for the hot-air balloon rides and any cruise or yacht charters for the next peak season.

In addition, due to the steady and expected rise of Asian travellers to Myanmar, Memories Group has begun sales and marketing efforts in the Asian region. These efforts have paid off as Memories

Group's first batch of Asian clientele will be arriving in the fourth quarter this year, just as the peak season picks up once again. We will however not stop here. Memories Group has more acquisition plans in the pipeline and will look to provide hotel management services to hotel owners as we seek to increase our footprint in the tourism industry. Memories Group is also looking into expanding the balloons business to other locations with operational feasibility.

Our goal is to build a robust platform that will generate long-term sustainable returns for our shareholders and add value for our customers as we believe in the potential growth of Myanmar's tourism market and are very well positioned to ride Myanmar's tourism wave.

Myanmar has an uninterrupted coastline of 1,930 km along the Bay of Bengal and the Andaman Sea<sup>2</sup>. It has a rich history and culture, as well as a treasure trove of archaeological and natural attractions with the potential to become new and exciting tourism destinations. This makes it a perfect fit for the tourism trend of

personalised, authentic and experience-driven travel, with the younger and the more sophisticated and affluent travellers both willing to spend more for a "once-in-a-lifetime" experience.

The improving infrastructure for the tourism industry will also help to facilitate its growth, with the Myanmar government's efforts to improve Yangon International Airport's facilities to expand capacity from 2.7 million to 8.0 million passengers by 2019<sup>3</sup>. Local airports like Bagan airport for example, is slated to be upgraded, as is the Yangon-Mandalay railway system, in order to improve inland connectivity. Furthermore, additional air connections have also encouraged more international and Asian airlines to expand to Myanmar.

The Myanmar travel and tourism sector contributed approximately US\$1,970 million in 2017<sup>4</sup> compared to US\$3.2 million in 2011<sup>5</sup> to the nation's GDP. This large increase of approximately 617-fold over the years further proves that tourism is a large growth driver for Myanmar. Benefits to the local economy are tremendous as it helps local

<sup>2</sup> <https://www.worldatlas.com/webimage/countrys/asia/burma/mmlandst.htm>

<sup>3</sup> <http://www.oxfordbusinessgroup.com/news/myanmar%E2%80%99s-tourism-industry-set-rapidly-expand>

<sup>4</sup> <http://tourism.gov.mm/wp-content/uploads/2018/06/Myanmar-Tourism-Statistics-2017.pdf>

<sup>5</sup> <http://www.tourism.gov.mm/wp-content/uploads/2017/06/tourism-statistics-2011.pdf>



businesses through the sale of local food, handmade knick-knacks and woven cloths, or other service offerings that will increase the number of local jobs. What tourists will get in return, are fond memories and souvenirs of their journey and experiences in Myanmar.

Recognising this, the Myanmar government developed a Tourism Master Plan 2013-2020 that sets out various strategies to develop and manage the tourism industry on a sustainable basis so as to ensure that the current natural environment is preserved while it gears up to list Bagan as a UNESCO World Heritage Site. Inle Lake was Myanmar's first UNESCO listing under the World Network of Biosphere Reserves list, and Pyu Ancient Cities was named a UNESCO World Heritage Site. That is why our hot-air balloons are an iconic attraction as they fly over Bagan and Inle Lake, and we are the largest

commercial hot-air balloon operator in the country with a total of 14 balloons – 12 at Bagan, and two at Inle Lake. Memories Group is also committed to sustainable tourism at a Group level and are part of the “Refill Not Landfill” initiative which aims to reduce the use of plastic bottles and encourage the use of reusable stainless steel bottles that can be refilled with water at many refill stations, free of charge.

While we aspire to build a world-class tourism company that rises above the rest and is differentiated by quality offerings and level of service, such a vision takes time to plan and execute as we meticulously build up our brand portfolio and identify new locations and attractions that can be cultivated. We only want to offer experiences that are unique – interweaving the natural, historical and cultural elements of the country together so as to create treasured memories for visitors.

With that in mind, let me end by recommending that you visit Myanmar if you have not done so already. It will be an unforgettable experience, whether it is exploring the plains of Bagan, the clear blue waters of the Mergui, or embracing various cultures of the 135 official ethnic groups<sup>6</sup> in Myanmar. Of course, Memories Group will not be possible without the trust and faith our shareholders have put in us, and for that, I thank each and every one of you. As there will be more exciting news to come, I hope that you will continue to support us and be a part of this exciting journey.

*Yours Sincerely,*

**Serge Pun**  
Executive Chairman



## Board of Directors



**MR. SERGE PUN THEIM WAI**  
Executive Chairman

Board Committee(s) served on:	Nominating Committee
Present Directorships in listed companies (as at 26 June 2018):	<ul style="list-style-type: none"> <li>First Myanmar Investment Company Limited</li> <li>Yoma Strategic Holdings Ltd.</li> <li>Myanmar Thilawa SEZ Holdings Public Limited</li> </ul>
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 stamp celebrating the 65th anniversary of the People's Republic of China (2014)
Date of Appointment:	26 December 2017

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

In 1992, Mr. Pun established First Myanmar Investment Company Limited ("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 member of the World Economic Forum's ASEAN Regional Strategy Group and ASEAN Regional Business Council. He is a standing member of the Chinese People's Political Consultative Conference of Dalian and a member of the Asia Business Council.

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



**MR. GEORGES MICHEL NOVATIN**  
Chief Executive Officer  
and Executive Director

Board Committee(s) served on:	Nil
Present Directorships in listed companies (as at 26 June 2018):	Nil
Past Directorships in listed companies held over the preceding 3 years:	Nil
Education and Achievements:	<ul style="list-style-type: none"> <li>Graduate of the Strasbourg Hotel Management School, Strasbourg, France (1963)</li> <li>Advanced Management Program, Insead, Fontainebleau, France (1994)</li> <li>Ordre National du Mérite (1982)</li> <li>Officer de l'Ordre National du Mérite (2008)</li> </ul>
Date of Appointment:	26 December 2017

Mr. Michel Novatin is an industry veteran with over 40 years of extensive experience in managing luxury hotels including leading roles where he was the consultant and adviser to Triangle Hotel and Resorts from 2010 to 2013, the chief executive officer of Shaza Hotels from 2008 to 2010, the chief operating officer of Kempinski Hotels from 2003 to 2008 and the managing director of the Société des Bains de Mer in Monte Carlo from 1997 to 2002.

As managing director of the Société des Bains de Mer in Monaco, Mr. Novatin was employed by Prince Rainer and Goldman Sachs to oversee the reorganisation of the company. His last appointment was as the chief operating officer of Steigenberger Hotels Group in Germany from 2014 to 2015.

## BOARD OF DIRECTORS



**MR. TUN TUN**  
Non-Executive Director

Board Committee(s) served on:	Audit Committee
Present Directorships in listed companies (as at 26 June 2018):	<ul style="list-style-type: none"> <li>First Myanmar Investment Company Limited</li> <li>Myanmar Thilawa SEZ Holdings Limited</li> </ul>
Past Directorships in listed companies held over the preceding 3 years:	Nil
Education and Achievements:	<ul style="list-style-type: none"> <li>The Chartered Secretary Qualifying Scheme, Institute of Chartered Secretaries &amp; Administrators (UK) (1998)</li> <li>Audit Committee Master Program, International Finance Corporation (2016)</li> <li>Myanmar Director Accreditation Program, Thai Institute of Directors (2017)</li> </ul>
Date of Appointment:	26 December 2017

Prior to joining Memories Group Limited in 2017, Mr. Tun Tun joined the SPA Group in 1998. Over the years he has held various positions in the SPA Group, including roles in corporate secretarial, legal, accounting finance, stock exchange listing, operation management, business development and investment management.

Mr. Tun Tun has been an executive director of FMI since 2009 and also holds directorships in many of FMI's companies and joint ventures. He is also an Associate Member of the Institute of Chartered Secretaries & Administrators (UK). Mr. Tun Tun was appointed as FMI's chief financial officer in 2011.



**MR. BASIL CHAN**  
Lead Independent Director

Board Committee(s) served on:	Audit Committee (Chairman) Nominating Committee (Chairman) Remuneration Committee (Member)
Present Directorships in listed companies (as at 26 June 2018):	<ul style="list-style-type: none"> <li>AEM Holdings Limited</li> <li>Grand Banks Yachts Limited</li> <li>Global Invacom Group Limited</li> </ul>
Past Directorships in listed companies held over the preceding 3 years:	<ul style="list-style-type: none"> <li>SBI Offshore Limited</li> <li>Singapore eDevelopment Ltd.</li> <li>Yoma Strategic Holdings Ltd.</li> </ul>
Education and Achievements:	<ul style="list-style-type: none"> <li>Bachelor of Science degree in Economics (Honours) Business Administration, University of Wales Institute of Science and Technology (1977)</li> <li>Fellow of the Institute of Chartered Accountants in England and Wales (FCA)</li> </ul>
Date of Appointment:	26 December 2017

Mr. Basil Chan is the Founder and Managing Director of MBE Corporate Advisory Pte. Ltd. Mr. Chan has more than 35 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 SID for almost 12 years. He is currently a member of the Audit Committee Chapter of SID. He was a member of the Corporate Governance Committee in 2001 that developed the Singapore Code of Corporate Governance and was a former member of the Accounting Standards Committee and the Auditing and Assurance Standards Committee of the Institute of Singapore Chartered Accountants ("ISCA").

He currently sits on the Corporate Governance and Risk Management Committee of ISCA as its Deputy Chairman. He is a Chartered Accountant by training and is a Fellow member of the Institute of Chartered Accountants in England and Wales as well as a Fellow of the Singapore Institute of Directors.





**MR. ROBIN LEE CHYE BENG**  
Non-Executive  
Independent Director

Board Committee(s) served on:	Audit Committee (Member) Nominating Committee (Member) Remuneration Committee (Chairman)
Present Directorships in listed companies (as at 26 June 2018):	Nil
Past Directorships in listed companies held over the preceding 3 years:	Nil
Education and Achievements:	<ul style="list-style-type: none"> <li>Bachelor of Science in Management and Marketing, University of Oregon's School of Business Administration (1989)</li> <li>Li &amp; Fung Leadership Program at the Massachusetts Institute of Technology's Sloan School of Management and The University of Hong Kong (2010)</li> <li>Completed Listed Company Director Programme organised by the Singapore Institute of Directors (2013)</li> </ul>
Date of Appointment:	26 December 2017

Mr. Robin C. Lee has more than 28 years of business management, development and operational experience in various sectors including retail, consumer goods, healthcare and automobiles distribution, integrated and project logistics and information technology. Mr. Lee is currently employed by Bok Seng Logistics Pte Ltd as their group's chief operating officer.

Mr. Lee began his career in IT business development, sales and marketing in 1989 at Mumps Systems Support (S) Pte Ltd. Between 1989 and his current position at Bok Seng Group, Mr. Lee took on various management roles both here and overseas in organisations such as Li & Fung Group, Sime Darby Group, Piaggio Asia Pacific, The East Asiatic Company, Toys "R" Us Singapore, and Rentokil Initial Asia Pacific.

Mr. Lee is a member of the Singapore Institute of Directors and the Singapore Institute of Management and 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.



**MS. JUDY CHAN**  
Non-Executive  
Independent Director

Board Committee(s) served on:	Remuneration Committee (Member)
Present Directorships in listed companies (as at 26 June 2018):	<ul style="list-style-type: none"> <li>Sing Tao News Corporation Limited</li> <li>Grace Wine Holdings Limited</li> </ul>
Past Directorships in listed companies held over the preceding 3 years:	Nil
Education and Achievements:	Bachelor of Arts in Psychology, Women's Studies & Organisational Studies, University of Michigan (2000)
Date of Appointment:	26 December 2017

Ms. Judy Chan has more than 16 years of management and operations experience in the food and beverage sector. She is currently the President of Shanxi Grace Vineyard Co. Limited and the chief executive officer of Grace Wine Holdings Limited. Grace Wine Holdings Limited had on 11 June 2018 announced the details of its proposed listing of shares on the Growth Enterprise Market of the Hong Kong Stock Exchange ("HKSE") and trading of its shares is expected to commence on 27 June 2018. Ms. Chan is responsible for the business development and operations for the winery and wine businesses of these two (2) companies. Ms. Chan has extensive experience in marketing, branding and trading in the Asia-Pacific region.

Ms. Chan worked in the human resources department of Goldman Sachs in Hong Kong from 2000 to 2002, and joined Shanxi Grace Vineyard Co., Limited as President in 2002. Ms. Chan has also served as a director of Origin Holdings (HK) Limited since 2006, where she is responsible for the management and financial operations of its businesses of power generation, wastewater treatment plant, property development and investments in Indonesia. She has been an independent non-executive director of Sing Tao News Corporation Limited, which is listed on the Main Board of the HKSE since 2013.

Ms. Chan has received various awards and accolades for her achievements in the food and beverage sector, including the Ernst & Young – Emerging Entrepreneur of the Year award in 2010, the Asian Wine Personality of the Year award granted by the Drinks Business magazine & the Institute of Masters of Wine in 2012, the Wine Personality of the Year award granted by the La Revue du Vin de France Wine magazine in 2014 and was included in the "Top 5 Most Innovative Women in Food and Drink" list issued by Fortune and Food & Wine magazines in 2014.

# Management

## Key Management Executives



**MR. SERGE PUN THEIM WAI**  
Executive Chairman



**MR. GEORGES MICHEL NOVATIN**  
Chief Executive Officer  
and Executive Director



**MR. JEAN-MICHEL  
ALAIN ROMON**  
Chief Operating Officer



**MR. NG JIA WEI**  
Financial Controller

Mr. Romon has been involved in the hospitality and tourism industry for over 20 years and has been based in Myanmar since 1997. Mr. Romon is the founder of AHTT which he started in 2000. He also developed the Hpa An Lodge business with his business partners which commenced operations in FY2015.

Due to his wide network of contacts and vast experience in Myanmar's tourism industry, Mr. Romon is also involved in other tourism-related businesses which include the Ancient Cities Flotilla Business and Viewpoint Lodge Business where he is one of the founders and currently a passive investor. In addition, Mr. Romon is also a passive investor in Phoenix Voyages.

Mr. Ng is a Financial Controller with 17 years of experience in financial audit, finance and management accounting, treasury, corporate finance, corporate governance, regulatory compliance and merger & acquisition for the banking, oil & gas, and shipping industries.

Mr. Ng has handled complex financial issues and achieved practical solutions to financial, operating and reporting processes and has built up people, capabilities and systems to further business objectives, promote corporate compliance and governance, against business and financial risks. Mr. Ng adopts a long-term view of developing finance capabilities and focuses on being a people-manager in order to build strong finance teams from local to regional levels.

Mr. Ng started his professional career in 2001 in Malaysia with a Bachelor of Business degree majoring in accounting. He later moved to Yangon in 2013 and was appointed as General Manager for Finance, HR and Administration for a Malaysian joint venture. Mr. Ng is a member of CPA Australia and the Malaysia Institute of Accountants (MIA).



## Business Functions



**MS. BRENDA HO**  
Director of Sales & Marketing

Ms. Ho started her marketing career in a five-star hotel in Vietnam back in 1999. Since then, she has steadily progressed on to other regional hospitality organisations including Apple Tree Group, ACCOR, RV La Maguerite and Ani Villas International. She has an extensive working experience in Asia and has dealt in a number of re-branding and new-launch projects in the region. Ms. Ho has also done many trade show representations in Asia, Australia, Europe and the Middle East. She is particularly well versed in the areas of strategic and logistical processes of pre-opening launches, media planning and PR activities, sales promotion, interactive marketing and campaigns, as well as brand development related to the hospitality industry.



**MR. TUN THURA**  
Balloons Over Bagan/  
Balloons Over Inle  
General Manager

Mr. Tun Thura attended Yangon University and graduated with a Bachelor of Science with Honours in Physics. He then went on to complete an MBA at Aldersgate College, Yangon. Mr. Tun Thura has been with the Balloons Over Bagan operation since 2007 and oversees the daily operations of Balloons Over Bagan/Balloons Over Inle.



**MR. FLORIAN  
GUERITHAULT**  
Keinnara Hpa An  
General Manager

Mr. Guerithault has been travelling since a young age and chose hospitality as career to keep discovering new places. He started his hotel management career as a trainee in Tokyo, at the Park Hyatt in 1999. After his hotel management studies, he joined Hyatt again in Paris from 2004 to 2007, before transferring to Hyatt Regency Adelaide from 2007 to 2009. After which, he moved to Thailand as Koyao Island Resort's manager for two years.

In 2012, Mr. Guerithault moved to Myanmar and worked on a development project in Ngapali before joining the Amara Group. In 2017, he was appointed General Manager of the Group's Keinnara Hpa An, a private boutique resort located in Kayin State.

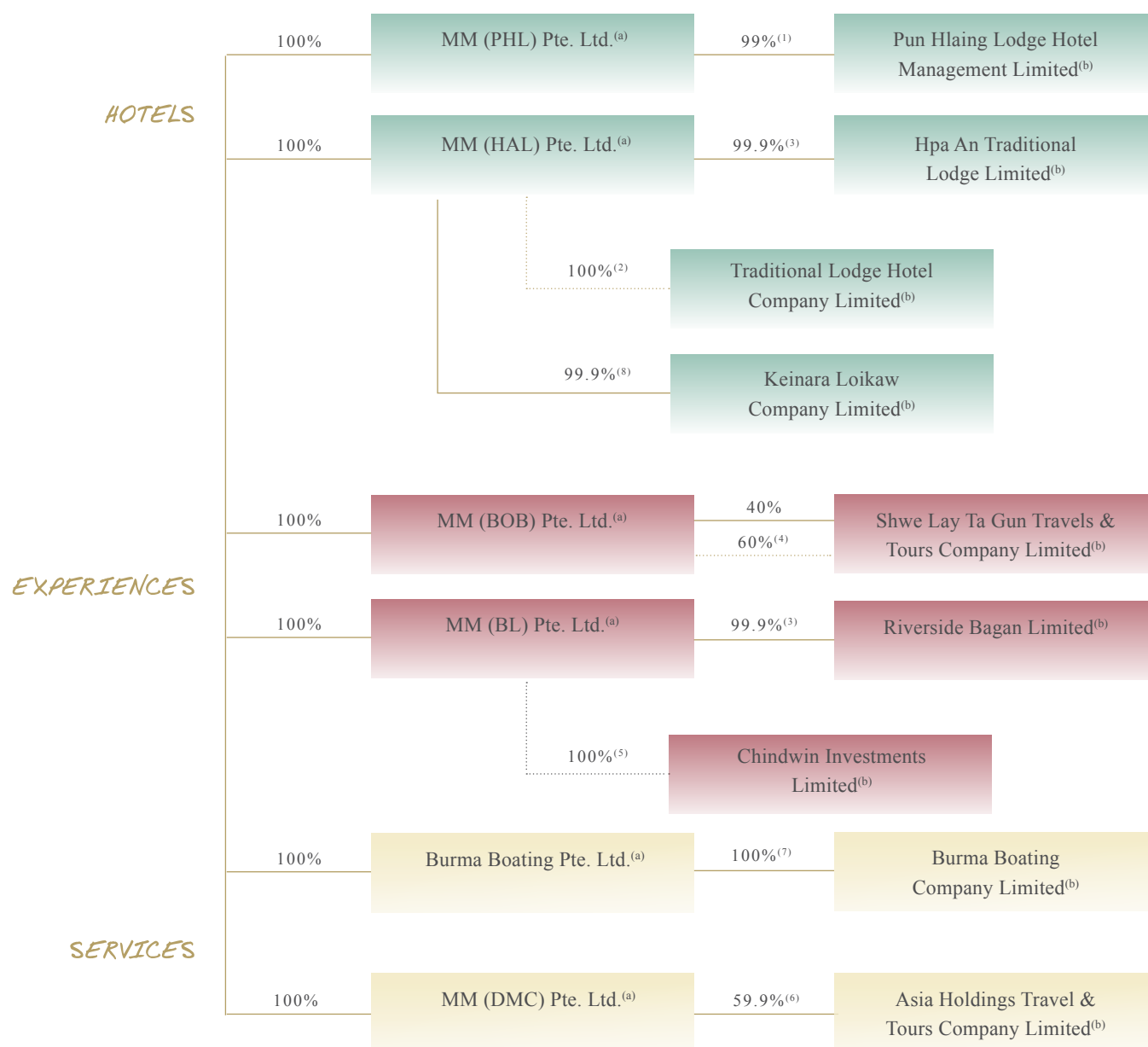


**MR. MICHAEL COLE**  
Head of Burma Boating

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

# Group Structure

AS AT 26 JUNE 2018



Notes :-

<sup>(a)</sup> Incorporated in Singapore<sup>(b)</sup> Incorporated in Myanmar

(1) 1% interest is held by MM Myanmar Pte. Ltd.

(2) MM (HAL)Pte. Ltd. holds economic interest in respect of 100% interest in Traditional Lodge Hotel Company Limited

(3) 0.1% interest is held by MM Myanmar Pte. Ltd.

(4) MM (BOB) Pte. Ltd. holds economic interest in respect of 60% interest in Shwe Lay Ta Gun Travels &amp; Tours Company Limited

(5) MM (HAL) Pte. Ltd. holds economic interest in respect of 100% interest in Chindwin Investments Limited

(6) MM (DMC) Pte. Ltd. holds economic interest in respect of 40.1% interest in Asia Holdings Travel &amp; Tours Company Limited

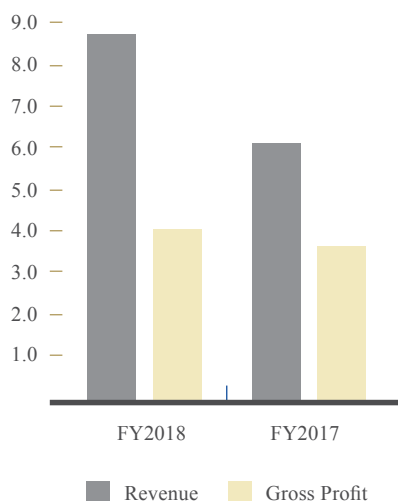
(7) Burma Boating Pte. Ltd. Holds economic interest in respect of 100% interest in Burma Boating Company Limited

(8) 0.1% interest is held by MM Myanmar Pte. Ltd.



# Financial Highlights

FINANCIAL HIGHLIGHT  
(IN US\$MILLION)



An increase in revenue of approximately US\$2.7 million to close off revenue at US\$8.8 million for FY2018 mainly due to an enlarged portfolio of quality assets.

IN US\$'MILLION EXCEPT OTHERWISE STATED

	FY2018	FY2017	% CHANGE
Revenue	8.8	6.2	43.6
Gross Profit	4.1	3.7	11.9
Net Operating (Loss) / Profit	(0.1)	1.0	(109.8)
Acquisition Cost Arising from RTO	(6.3)	-	-
Net Profit (Loss) / Profit	(6.4)	1.0	(719.4)



Memories Group recorded an increase in revenue of approximately 43.6% which was mostly contributed by Hpa An Lodge and Asia Holidays Travel & Tours ("AHTT").

Gross profit margin decreased 13.1% in the period under review, and was mainly due to lower gross profit margins from the Hotels segment and the Services segment as compared to the Experiences segment.

Memories Group recorded a net loss after tax of approximately US\$6.4 million and this was mainly attributed to a one-off reverse acquisition cost of approximately US\$6.3 million from the RTO exercise.

Cash and bank balances increased by approximately US\$8.5 million to approximately US\$9.1 million as at 31 March 2018. This was mostly due to the compliance share placement exercise from the RTO that raised an approximate US\$7.8 million, after deducting share issue expenses. In addition, Memories Group received a US\$3.1 million cash amount from the takeover of SHC Capital Asia Limited. However, US\$2.5 million was used for the construction of Pun Hlang Lodge, and US\$0.8 million was used to acquire Hpa An Lodge, the DMC business and Burma Boating.

# Operational Review

## EXPERIENCES

Revenue from the Experiences segment was mainly from the Balloons Over Bagan business which operates 12 balloons in Bagan and two balloons in the Inle Lake region. While the demand for Balloons Over Bagan remained strong, the revenue declined by 3.4% to US\$5.9 million in FY2018 as some of its flights had to be cancelled due to the inclement of weather.

## HOTELS

Revenue of US\$0.5 million from the Hotels segment in FY2018 was generated solely from Hpa An Lodge, which is a 19-room boutique hotel located in the foothills of Mount Zwekabin in Karen State, Myanmar. Hpa An Lodge benefitted from a mix of international and domestic travellers and the average room rate had increased by 10% in FY2018. However, in line with lower tourist arrivals, occupancy rate had declined slightly to 60%.

## SERVICES

Revenue from the Services segment was contributed solely by AHTT, which had mainly generated revenue from tours booked through other travel agents and direct bookings from customers overseas. Revenue in FY2018 was at US\$2.4 million, and the majority of its customers during this period came from Western countries.

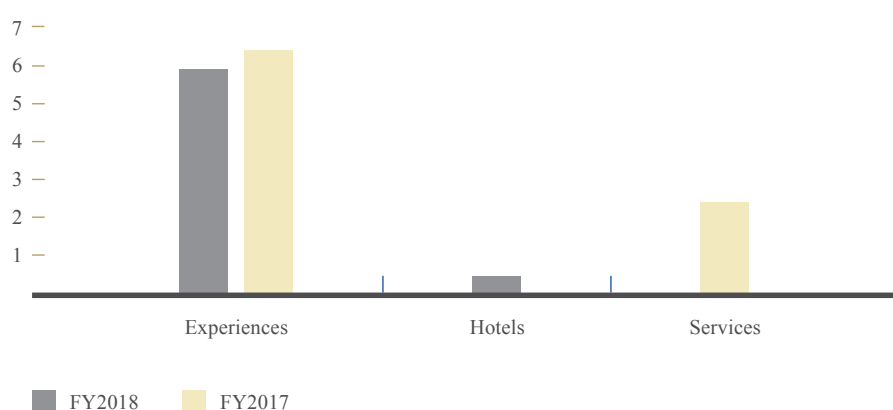
## OUTLOOK

Demand for Memories Group's Balloons Over Bagan business, which operates between October to April, is expected to remain strong, while Burma Boating has secured healthy pre-bookings until end May 2019. During this lull period, Memories Group will be aggressively marketing, selling and accepting pre-bookings for the next season's balloon rides.

Pun Hlaing Lodge in Yangon is expected to be completed by end of FY2019, and the newly acquired Kayah Resort in Loikaw will be undergoing a facelift to increase its aesthetics appeal to tourists and also increase Memories Group's investment yield. Memories Group is actively looking to expand its hotel portfolio through acquisition of well-located hotels and the addition of more hotel management contracts.

The Company will continue its sales and marketing strategies at targeting the Western travellers and at the same time increase its efforts in the Asian market. Building brand awareness in Asia takes time, but Memories Group believes that it will eventually pay off as the number of Asian travellers going to Myanmar increases each year.

REVENUE BREAKDOWN BY BUSINESS SEGMENTS (IN US\$MILLION)



REVENUE BREAKDOWN BY BUSINESS SEGMENTS

	FY2018 (US\$MIL)	FY2017 (US\$MIL)	CHANGE
Experiences	5.9	6.2	(3.4%)
Hotels	0.5	-	-
Services	2.4	-	-
Total	8.8	6.2	43.6%



# Sustainability Report

Memories Group's inaugural Sustainability Report will be published later in 2018 and will cover its activities from April 2017 to March 2018. This section provides a summary of the activities currently underway which are part of Memories Group's Sustainability Report, and highlights some of the community and environmental outreach efforts undertaken by its various businesses.

## PROCESS TO IDENTIFY MATERIAL ISSUES

The criteria for Memories Group's material analysis were explored and selected based on industry international standards, peer benchmarking based on companies with similar operations, media analysis, internal responses and management awareness. Memories Group also took into account the 17 United Nations Sustainable Development Goals (SDGs), major indices from external rating agencies, and both international and Myanmar focused environmental assessment and policy reports.

An internal materiality workshop was conducted in May 2018 with all the business unit heads and general managers of Memories Group. The list of material issues identified are listed in the table on the right and their level of importance was determined based on their influence on stakeholders and impact its business risks and opportunities.

As Memories Group plans to engage its external stakeholders in the coming months, the Company prioritisation of the identified material issues may also change depending on stakeholder opinions.

### EXTREMELY IMPORTANT

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Customer satisfaction</li> <li>• Engaging local community and supporting local community projects</li> <li>• Reducing impact of operations on environment and reducing use of plastics</li> <li>• Choice of responsible suppliers</li> <li>• Employee engagement</li> <li>• Compliance with laws and legislations</li> </ul> | <ul style="list-style-type: none"> <li>• Experiential and authentic travel for our customers</li> <li>• Safety and crisis management</li> <li>• Introducing and increasing recycling efforts</li> <li>• Improving HR and social policies within the group</li> <li>• Employee skills training and development</li> </ul> |
|---|--|

### VERY IMPORTANT

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Supporting local community projects</li> <li>• Habitat protection / restoration</li> <li>• Collaborations with local community</li> <li>• Gender pay, anti-discrimination</li> </ul> | <ul style="list-style-type: none"> <li>• Diversity of workforce and inclusivity</li> <li>• Greenhouse gas emissions reduction</li> <li>• Child labour, human rights</li> <li>• Business ethics</li> <li>• Food wastage</li> <li>• Water scarcity</li> </ul> |
|---|---|

### IMPORTANT

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Education and wellness programs for employees</li> <li>• Catering for food allergies and dietary requirements</li> </ul> | <ul style="list-style-type: none"> <li>• Sustainability education for guests</li> <li>• Sustainable purchasing</li> </ul> |
|---|---|

## SUSTAINABILITY REPORT

*Our Stakeholders*

Memories Group uses a broad range of communication channels, to create customised messages and selects the most effective channel for each of its stakeholder groups. Stakeholder requirements collected through these channels are addressed in a timely manner through collaboration with the related business unit heads.

The involvement of Memories Group's stakeholders is a key feature for identifying trends and risks, and helps the Group in the development of its sustainability strategy.

Memories Group's identified stakeholders include customers, suppliers, employees, investors, and the local community. These stakeholder groups are defined by the various businesses Memories Group operates, and the people that it interacts with and is accountable to. Engagement with the various stakeholders is summarised below. This year, Memories Group plans to also engage its stakeholders on sustainability related topics, and the results of these discussions will be included in its subsequent sustainability report.



STAKEHOLDER GROUP	FREQUENCY OF ENGAGEMENT	MODE OF ENGAGEMENT
<b>Customers</b>	Continuous	<ul style="list-style-type: none"> <li>• Face-to-face feedback</li> <li>• Emails</li> <li>• Online platforms such as tripadvisor.com</li> </ul>
<b>Suppliers</b>	Continuous	<ul style="list-style-type: none"> <li>• Emails, Telephone calls, and other social networking apps</li> </ul>
<b>Employees</b>	Continuous Monthly	<ul style="list-style-type: none"> <li>• Face-to-face feedback with supervisors</li> <li>• Group meetings with General Manager</li> </ul>
<b>Investors</b>	Quarterly	<ul style="list-style-type: none"> <li>• Announcements on stock exchange</li> <li>• Emails</li> <li>• Face-to-Face discussions</li> </ul>
<b>Local Community</b>	Monthly	<ul style="list-style-type: none"> <li>• Face-to-Face discussion with local village heads and local government bodies</li> </ul>



## PROTECTING THE ENVIRONMENT AND BENEFITTING THE COMMUNITIES

In conducting its business, Memories Group focuses on offering positive travel experiences that benefit customers, communities and the company. This means that while Memories Group conducts its business, it has a responsibility to protect the environment and benefit the communities that it works with. Together with Memories Group's partners and volunteers, it has established community projects in the Mergui Archipelago and Nyaung U. Memories Group is also gradually removing the use of plastics from its head office in Yangon and aims to implement that in its hotel operations.



### HPA AN

Hpa An is a picturesque town and is the capital of Kayin State in Myanmar. It is surrounded by caves and mountains, and draws many visitors because of its dramatic karst mountain scenery. Memories Group owns a resort – Hpa An Lodge, located at the foot of Mount Zwegabin, which draws hundreds of visitors a day who take a trek up the mountains for the rewarding view from the summit. Along with the influx of tourists and locals, a considerable amount of plastic waste has been left behind on the mountains.

Hpa An Lodge is working closely with tourists visiting the lodge as well as the local community in reducing use of plastics and also to remove plastic waste left on the mountains. An initiative is to also use stainless steel bottles at the resort to replace plastic bottles. Each guest that stays at the resort will be provided with an aluminium bottle that can be refilled with water free of charge at more than 100 designated water refilling stations around Myanmar. This is part of the Refill Not Landfill Southeast Asia program which encourages people to use reusable bottles instead of plastic bottles for drinking water.

### NYAUNG U

Balloons Over Bagan plays an important role in contributing to community projects throughout the Bagan region of Myanmar and to other causes in more remote areas of the country. Nyaung U is about 4km away from old Bagan, where the Balloons Over Bagan business provides hot-air balloon flights for visitors wanting to have a panoramic view of the thousands of ancient temples of Bagan. Its community projects focus on three main areas: Education, Health and Conservation. Balloons Over Bagan's in-kind donations have been used to build three schools in Nyaung U since 2017, all of which are equipped with electricity and clean water, and cater for hundreds of students from the ages of around 6 to 12.



## SUSTAINABILITY REPORT

### MERGUI ARCHIPELAGO

The Mergui Archipelago has opened to foreigners as recently as the late 1990s. With only a few of the 800 islands<sup>1</sup> sparsely populated and a couple of dozen visitors to the entire area each month, the Mergui Archipelago remains one of the planet's most unspoiled regions. The indigenous inhabitants of the Mergui Archipelago are the Moken people who live off, and on the sea. Sometimes called "sea gypsies", this ethnic minority group leads a traditional, semi-nomadic lifestyle, dominated by diving for sea cucumbers, fishing and bartering. Until today, however, medical infrastructure in the region remains very weak.

The Sailing Clinic is a charity project launched by Memories Group's yacht charter company Burma Boating in 2015. The first sailing clinic started in April 2015 with an interdisciplinary team of Myanmar and overseas doctors who are volunteers in this program. It comprised a number of general practitioners, a gynaecologist, a paediatrician as well as an ophthalmologist, all having prior experiences with medical outreach programs.

Burma Boating's crew members and guides would announce the clinic's visits beforehand, so that villagers would gather on the day to meet the team of doctors. The Sailing Clinic reached out to four different islands – Nyaung Wee Island, Bo Cho Island, Kyun Pila and Lord Loughborough Island. The doctors conducted simple health examinations for the villagers, gave comprehensive advice to the midwives and local pharmacists, and also donated medical instruments such as stethoscopes and blood pressure meters. With no doctors and nurses in this region and the nearest hospital a six-hour boat ride away in the town of Kawthaung, the midwives play an important role in the provision of primary healthcare.

Mosquito nets and medical fact sheets on various topics (e.g. nutrition, personal hygiene) were also distributed to the villagers. The Sailing Clinic's optometrist received over 120 patients<sup>2</sup> during this trip and conducted professional eye checks and distributed free eyeglasses (ready readers, ready distant glasses and sunglasses) to those in need. Memories Group hopes to run this sailing clinic again later at the end of 2018/2019 to provide simple medical assistance to the villagers in the Mergui Archipelago.

### AHTT (AKA MEMORIES TRAVEL) IS COMMITTED TO THE INTERNATIONAL TRAVELIFE ACCREDITATION PROCESS

Travelife is a certification system dedicated to achieving sustainable practices within the tourism industry. It is also formally recognised by the Global Sustainable Tourism Council (GSTC) that had established and now manages global sustainable tourism standards with the aim of increasing sustainable tourism knowledge and practices among public and private operators. Implementing the Travelife certification standard allows companies to set realistic sustainability goals, tools and solutions to bring about positive changes within their businesses and supply chain processes. The Travelife certification standard consists of over 200 sustainability criteria that can be grouped into five key areas: Office operations; Product development; Working with suppliers; Customer relations; and Destinations. There are three milestones to achieve before getting a full-fledge Travelife certification for tour operators and travel agents: Travelife Engaged; Travelife Partner and Travelife Certified. Memories Travel is currently aiming to achieve the level 2 "Travelife Partner" status.

<sup>1</sup> <https://edition.cnn.com/travel/article/mergui-archipelago-sailing/index.html>

<sup>2</sup> Company's internal data



## *Financial Contents*

---

26	Corporate Governance Report
44	Directors' Statement
47	Independent Auditor's Report
53	Consolidated Statement of Comprehensive Income
54	Statements of Financial Position
55	Consolidated Statement of Changes in Equity
56	Consolidated Statement of Cash Flows
57	Notes To The Financial Statements
105	Shareholdings Statistics
107	Notice of Annual General Meeting Proxy Form

---



# Corporate Governance

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

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

Upon the completion of the acquisition of SHC Capital Asia Limited on 26 December 2017 (“RTO”), the previous board of directors of the Company (“**Previous Board**”) was replaced entirely by a new board of directors, being the current directors of the Company (the “**Board**”) or the “**Directors**”). In view that the Board and new management (which replaced the previous management) of the Company have not been able to verify certain matters and/or policies which took place or were in place during the term of the Previous Board, this corporate governance report (“**Report**”) focuses on the corporate governance framework and practices of current board of directors from the date of their appointment from 26 December 2017 to 31 March 2018 (“**FY2018 Post RTO**”). However, to the extent the Board is able to state matters relating to the corporate governance framework and practices of the Previous Board for the financial year ended 31 March 2018 (“**FY2018**”) based on records and documents available to the Board, the same will be disclosed in this Report, with the necessary qualifications.

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

## BOARD MATTERS

### The Board’s Conduct of Affairs

---

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

---

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 Group, formulating policies on various matters such as major investments, key operational initiatives and financial controls, reviewing the Group’s financial performance, providing leadership, setting strategic direction, establishing risk management procedures and goals for Management as well as monitoring the achievement of the goals.

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

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

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



# Corporate Governance

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

## Delegation by the Board

To assist in the execution of its responsibilities, the Board has, without abdicating its responsibility, established and delegated certain responsibilities to the various Board Committees, namely the Audit Committee ("AC"), 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 Committee are chaired by a Non-Executive Independent Director.

## Board and Board Committees meetings

The Company was listed on the Catalist of the SGX-ST on 5 January 2018 following the completion of the RTO. The Company thereafter, held its first Board and Board Committees meetings on 5 January 2018.

Board meetings are scheduled to coincide with quarterly financial results reporting in order to facilitate a review of the financial statements and announcement of the unaudited quarterly results of the Group and as and when circumstances require.

In FY2018 the number of the Board and Board Committees meetings held and the attendance of each Director, are disclosed below:

Name of Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of Meetings	6	6	2	3
<b>Number of Meetings Attended</b>				
Mr. Teo Soo Kiat <sup>1</sup>	4	0	1	0
Mr. Teo Soo Chew <sup>2</sup>	3	3	0	1
Mr. Teo Chiang Khai <sup>2</sup>	2	0	0	0
Mr. Teo Hsi Leang <sup>2</sup>	4	0	0	0
Mr. Ng Fook Ai, Victor <sup>3</sup>	4	4	1	1
Mr. Teo Eu Jin, Nicholas <sup>4</sup>	4	4	1	1
Mr. Serge Pun @ Theim Wai <sup>5</sup> ("Mr. Serge Pun")	2	0	1	0
Mr. Georges Michel Novatin <sup>6</sup> ("Mr. Michel Novatin")	2	0	0	0
Mr. Tun Tun <sup>7</sup>	2	2	0	0
Mr. Basil Chan <sup>8</sup>	2	2	1	2
Mr. Robin Lee Chye Beng <sup>9</sup> ("Mr. Robin C. Lee")	2	2	1	2
Ms. Judy Chan <sup>9</sup>	1	0	0	1

### Notes:

- <sup>1</sup> Mr. Teo Soo Kiat resigned as the Chairman and Interim Chief Executive Officer on 26 December 2017 following the completion of the RTO.
- <sup>2</sup> Mr. Teo Soo Chew, Mr. Teo Chiang Khai and Mr. Teo Hsi Leang resigned as Non-Executive Directors on 26 December 2017 following the completion of the RTO.
- <sup>3</sup> Mr. Ng Fook Ai, Victor resigned as a Non-Executive Director and the Lead Independent Director on 26 December 2017 following the completion of the RTO.
- <sup>4</sup> Mr. Teo Eu Jin, Nicholas resigned as a Non-Executive Independent Director on 26 December 2017 following the completion of the RTO.
- <sup>5</sup> Mr. Serge Pun was appointed as the Executive Chairman on 26 December 2017 following the completion of the RTO.
- <sup>6</sup> Mr. Michel Novatin was appointed as an Executive Director and the Chief Executive Officer on 26 December 2017 following the completion of the RTO.
- <sup>7</sup> Mr. Tun Tun was appointed a Non-Executive Director on 26 December 2017 following the completion of the RTO.
- <sup>8</sup> Mr. Basil Chan was appointed a Non-Executive Director and the Lead Independent Director on 26 December 2017 following the completion of the RTO.
- <sup>9</sup> Mr. Robin C. Lee and Ms. Judy Chan were appointed as Non-Executive Independent Directors on 26 December 2017 following the completion of the RTO.

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

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

# Corporate Governance

## Board Orientation and Training

The Company conducts an orientation programme for newly appointed Directors which seeks to familiarise Directors with the Group's businesses, board processes, internal controls and governance practices at the Company's expense. The orientation programme includes Management presentations on the Group's businesses, strategic plans and objectives, meetings with key management personnel and briefings on key areas of the Company's operations. If a new Director has no prior experience as a director of a listed company, the Company will endeavour to arrange for trainings appropriate to the level of his prior experience in areas such as accounting, legal and industry knowledge.

In conjunction with the RTO, briefings were conducted by Altum Law Corporation on the roles and responsibilities of a director of a publicly listed company in Singapore and PrimePartners Corporate Finance Pte. Ltd. provided briefing on the Company's obligation as a Catalyst listed company.

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

The Directors will also be provided with updates and/or briefings from time to time by professional advisors, auditors, Management and the Company Secretaries in areas such as directors' duties and responsibilities, corporate governance practices, risk management matters and changes in financial reporting standards. Directors also attended seminars, conferences and presentations to supplement and keep themselves updated on areas such as accounting, legal and industry-specific knowledge. The Company will also, where it feels appropriate, arrange for training courses for Directors which it will fund. In addition, Directors are also at liberty to approach Management should they require any further information or clarification concerning the Group's operations.

## Board Composition and Guidance

---

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

---

## Board Composition

The Board comprises six (6) Directors of whom two (2) are Executive Directors, one (1) is Non-Executive Director and three (3) are Non-Executive Independent Directors. All three (3) Non-Executive Independent Directors collectively comprise fifty per cent. (50%) of the Board of Directors.

Profiles and qualifications of the Directors and the listed directorships held by the Directors as at 26 June 2018, and in the last three (3) years are set out in the Board of Directors section of this Annual Report.



# Corporate Governance

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	Audit Committee	Nominating Committee	Remuneration Committee
<b>Executive Directors</b>					
Mr. Serge Pun	26 December 2017	Chairman	–	Member	–
Mr. Michel Novatin	26 December 2017	Member	–	–	–
<b>Non-Executive Director</b>					
Mr. Tun Tun	26 December 2017	Member	Member	–	–
<b>Non-Executive Independent Directors</b>					
Mr. Basil Chan	26 December 2017	Member/ Lead Independent Director	Chairman	Chairman	Member
Mr. Robin C. Lee	26 December 2017		Member	Member	Chairman
Ms. Judy Chan	26 December 2017		–	–	Member

## Board Independence

There is a strong independence element on the Board. The Code provides that the independent directors should make up at least half of the Board where the Chairman is part of the management team and is not an independent director. The Company has appointed Mr. Basil Chan, Mr. Robin C. Lee and Ms. Judy Chan as the Non-Executive Independent Directors, comprising half of the Board. Mr. Basil Chan serves as the Lead Independent Director.

The Code defines an “independent director” as one who has no relationship with the Company, its related companies, its ten per cent. (10%) shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent judgement with a view to the best interests of the Company. The independence of each Director is also reviewed annually by the NC. The NC requires each Non-Executive Independent Director to confirm his relationships with the Company, Management, officers and substantial shareholders in writing every year and reviews these confirmations of independence with the Director concerned abstaining and not taking part in any such deliberations. The NC will recommend the independence of the Non-Executive Independent Directors to the Board only after it is satisfied that the independence of these Directors is not compromised. For FY2018 Post RTO, the NC has determined that all the three (3) Non-Executive Independent Directors are independent. The Board, after taking into consideration the recommendations of the NC, is of the view that the Independent Directors are not only independent in light of the provisions of the Code, but that they are also independent from substantial shareholders and that no individual or small group of individuals dominates the Board’s decision making process.

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

## Board Composition and Size

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

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

# Corporate Governance

The new Board was constituted on 26 December 2017 following the completion of the RTO. 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.

## Chairman and Chief Executive Officer

---

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

---

The Company practices a clear division of responsibilities between the Chairman and the Chief Executive Officer (the "CEO") to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The roles of the Chairman and CEO are separate. Mr. Serge Pun is the Executive Chairman while Mr. Michel Novatin is the CEO of the Company. The Executive Chairman and CEO are not related.

## Role of Chairman

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 standard 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

Mr. Michel Novatin is the CEO of the Company. The role of the CEO includes:

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

## Role of the Lead Independent Director

As the Executive Chairman and CEO are both part of Management, the Board appointed Mr. Basil Chan as the Lead Independent Director to lead and co-ordinate the activities of the Non-Executive Independent Directors in circumstances where it would be inappropriate for the Executive Chairman to serve in such capacity. The Lead Independent Director assists the Board in ensuring effective corporate governance in managing the affairs of the Board and the Company. He also serves as Chairman of the AC and the NC. Led by the Lead Independent Director, the Non-Executive Independent Directors meet amongst themselves without the presence of the other directors and Management where necessary, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings. As the Board was only constituted on 26 December 2017 after the completion of the RTO, the Non-Executive Directors have only met in the absence of key management personnel after the end of FY2018, in May 2018.

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

# Corporate Governance

## Board Membership

---

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

---

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

### Nominating Committee

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

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

- (a) developing and maintaining a formal and transparent process for the appointment of new Directors, including the nomination and selection process of the new Director and how he/she will fit in the overall competency of the Board;
- (b) reviewing the Board succession plans for directors;
- (c) determining annually whether a Director is independent, bearing in mind the circumstances set forth in the Code;
- (d) 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;
- (e) 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;
- (f) 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;
- (g) 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;
- (h) developing a process for evaluation of the performance of the Board, its Board Committees and Directors;
- (i) deciding on how the Board's performance may be evaluated and proposing objective performance criteria for the Board's approval;
- (j) retaining such professional consultancy firm as it may deem necessary to enable it to discharge its duties hereunder satisfactorily;
- (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.

### Re-nomination of Directors

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

Some of the Directors have multiple board representations and other principal commitments. However, the Board has not set a guide on the maximum number of Board representation each Director may hold as the Board and NC are of the view that the Directors have demonstrated their commitment and effectiveness in discharging their duties and responsibilities and avoiding actual or potential conflicts of interest from serving on other Boards. In determining whether each Director is able to devote sufficient time to discharge his duty, the contributions made by 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.



# Corporate Governance

The Directors are subject to re-election at least once every three (3) years and the Constitution of the Company provides that at least one-third of the Directors for the time being, shall retire as Directors at each AGM of the Company. Shareholders are provided with relevant information on the candidates for election or re-election.

At the forthcoming AGM, Mr. Basil Chan and Mr. Tun Tun will retire and seek re-election pursuant to Article 99(4) of the Constitution of the Company.

No alternate director has been appointed by the Board in FY2018 Post RTO.

## Criteria and Process for Appointment of New Directors

The NC reviews annually the balance and diversity of skills, experience and knowledge required by the Board and the size of the Board which would facilitate decision making. It will also consider the need to position and shape the Board in line with the evolving needs of the Company and 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.

## Board Performance

---

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

---

The Board acknowledges the importance of a formal assessment of the Board's performance and in line with the principles of good corporate governance, they adopted a formal system of evaluating the performance of the Board as a whole and its Board Committees, as well as to assess the contributions by the Chairman and each individual Director which had been made during FY2018 Post RTO.

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 FY2018 Post RTO, Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board and Board Committees. The appraisal process took into account objective performance criteria which would allow for comparison with industry peers and addresses how the Board has enhanced long-term shareholder value. The appraisal took into account factors and criteria such as the Board's structure, size, composition, conduct of meetings, processes, responsibilities and communication with shareholders. Completed forms were returned for collation and compilation on a non-attribution basis, so that open and frank feedback and comments can be encouraged. The compiled report was then sent to the NC for its deliberation and discussion.

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

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

# Corporate Governance

## Access to Information

---

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

---

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

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

The Directors have separate and independent access to Management as and when they require further enquiries or additional information. Management endeavours to meet their requirements in a timely manner so as to enable them to make informed decisions.

## Company Secretary

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

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

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

## Independent Professional Advice

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

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

#### Level and Mix of Remuneration

---

Principle 7:	There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.
--------------	---

# Corporate Governance

- Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.
- Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

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

## Remuneration Committee

Mr. Robin C. Lee (Chairman)  
Mr. Basil Chan  
Ms. Judy 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
- (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.

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

No Director was involved in deciding his own remuneration. The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. There were no remuneration consultants engaged by the Company in FY2018 Post RTO.

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

As the RTO was completed on 26 December 2017, the Board felt that it was not meaningful to evaluate performance of the Executive Directors and key management personnel for FY2018 Post RTO.



# Corporate Governance

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 the Group. The Memories PSP is administered by the RC. Award of shares are largely subject to a vesting period even upon the satisfaction of the performance criteria. Details of the Memories PSP are set out in the Directors' Statement section of this Annual Report. For FY2018, no shares were awarded under the Memories PSP.

## Disclosure on Directors' Remuneration

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

## Disclosure of Remuneration for FY2018 Post RTO

Non-Executive Directors are paid Directors' fees which are subject to shareholders' approval at a general meeting. The RC has recommended to the Board the payment of the Directors' fees of S\$28,744 for FY2018 Post RTO.

The remuneration structure for the Directors for FY2018 Post RTO (unless otherwise indicated as below) is as follows:

Name of Director	Base/Salary (%)	Variable Component or Bonus (%)	Benefits-in-kind, Allowances and Other Incentives (%)	Share Options (%)	Directors' Fees (%)	Total (S\$)
Mr. Serge Pun ("Executive Chairman")	86	—	14	—	—	54,130
Mr. Michel Novatin ("CEO")	64	—	36	—	—	318,522 <sup>1</sup>
Mr. Tun Tun	—	—	—	—	100	5,274
Mr. Basil Chan	—	—	—	—	100	11,339
Mr. Robin C. Lee	—	—	—	—	100	7,384
Ms. Judy Chan	—	—	—	—	100	4,747

Note:

<sup>(1)</sup> The total amount disclosed is the full remuneration paid to Mr. Michel Novatin for FY2018 and includes amounts paid prior to the completion of the RTO.

The level and mix of the remuneration of the three (3) key management personnel (who are not directors or the CEO), in bands of S\$250,000, for FY2018, are set out below:

Remuneration Band and Names of Other Key Management Personnel	Base/ Fixed Salary (%)	Variable Component or Bonuses (%)	Benefits-in-kind, Allowances and Other Incentives (%)	Total (%)
<b>Up to S\$250,000</b>				
Mr. Jean Michel Alain Romon <sup>1</sup>	88	12	—	100
Mr. Steven Teo Yam Beng <sup>2</sup>	96	4	—	100
Mr. Ng Jia Wei <sup>3</sup>	63	37	—	100

Notes:

<sup>1</sup> The total amount disclosed is the full remuneration paid to Mr. Jean Michel Alain Romon for FY2018 and includes amounts paid prior to the completion of the RTO.

<sup>2</sup> Mr. Steven Teo Yam Beng was re-designated as the Chief Financial Officer upon the completion of the RTO. The remuneration in the table reflects the salary as Chief Financial Officer upon the completion of the RTO from 26 December 2017 to 31 March 2018. He resigned as the Chief Financial Officer on 30 April 2018.

<sup>3</sup> The total amount disclosed is the full remuneration paid to Mr. Ng Jia Wei from 6 November 2017 (date of appointment prior to the completion of the RTO) to 31 March 2018.

# Corporate Governance

The aggregate amount of the total remuneration paid to the three (3) top key management personnel (who are not directors or the CEO) for FY2018 was approximately S\$410,752. During FY2018 Post RTO, no termination, retirement and post-employment benefits have been granted to the Directors, the CEO or the top three (3) key management personnel and senior management.

There are no employees who are immediate family members of a director or CEO, and whose remuneration exceeds S\$50,000 during FY2018 Post RTO.

The Company only has four (4) key management personnel (including Executive Chairman and CEO) as at the date of this Annual Report.

## Disclosure of Remuneration for FY2018 prior to completion of RTO

The remuneration structure for the Directors and key management personnel from 1 January 2017 to 26 December 2017 (date of the completion of RTO) are as follows:

Remuneration Band	Directors' Fees (%)	Salary (%)	Others Fees (%)	Other Benefits (%)	Total (%)
<b>Less than S\$250,000</b>					
Mr. Teo Soo Chew	100	—	—	—	100
Mr. Teo Chiang Khai	100	—	—	—	100
Mr. Teo Hsi Leang	100	—	—	—	100
Mr. Teo Eu Jin, Nicholas	100	—	—	—	100
Mr. Ng Foo Ai, Victor	100	—	—	—	100
Mr. Steven Teo Yam Beng <sup>1</sup>	—	—	100	—	100
<b>S\$500,000 to S\$750,000</b>					
Mr. Teo Soo Kiat <sup>2</sup>	28	-	67	5	100

Notes:

- (1) Mr. Steven Teo Yam Beng was the interim Chief Financial Officer of the Company prior to the completion of the RTO and was re-designated as the Chief Financial Officer upon the completion of the RTO. The remuneration in the table reflects the fees paid to him as the interim Chief Financial Officer prior to the completion of the RTO for the period of 1 January 2017 to 26 December 2017.
- (2) Mr. Teo Soo Kiat was the Interim Chief Executive Officer of the Company prior to the completion of the RTO. The remuneration in the table reflects the director fees, other fees and benefits paid to him from 1 January 2017 to 26 December 2017 and a fee of S\$530,549 paid to him as interim Chief Executive Officer in the same period.

## ACCOUNTABILITY AND AUDIT

### Accountability

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

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

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

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

Aside from adopting the Company's corporate governance practices in line with the spirit of the Code, the Company also observe obligations of continuing disclosures under the SGX-ST Listing Manual Section B: Rules of Catalist ("Catalist Rules") by making timely, adequate and non-selective disclosure of information.

# Corporate Governance

## Risk Management and Internal Controls

### Audit Committee

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

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

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

### Audit Committee

Mr. Basil Chan (Chairman)

Mr. Tun Tun

Mr. Robin C. Lee

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

- (a) review with the independent auditor the audit plan, their evaluation of the system of internal accounting controls, their audit report, their management letter and the management's response;
- (b) review the quarterly, half-yearly and annual financial statements of the Group before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- (c) review the internal controls and procedures and ensure co-ordination between the independent auditor and the management, review the assistance given by management to the independent auditor and discuss problems and concerns, if any, arising from the audits, and any matters which the independent auditor may wish to discuss (in the absence of management where necessary);
- (d) review and discuss with the independent auditor and internal auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the management's response;
- (e) consider the appointment or re-appointment of the independent auditor, the audit fee, and matters relating to the resignation or dismissal of the independent auditor;
- (f) review transactions falling within the scope of interested person transactions and the Catalist Rules, and in particular matters pertaining to acquisitions and realisations;
- (g) review and approve the Company's foreign exchange and hedging policies including whether the Company has in place adequate and appropriate hedging policies and used appropriate instruments for hedging, if applicable;
- (h) review the adequacy and structure of the finance function on an on-going basis and take appropriate remedial actions as may be necessary;
- (i) monitor and review the Group's control of cash and banking procedures;
- (j) review the adequacy and effectiveness of the Group's internal audit function. Prior to the decommissioning of such annual internal control audits, the Audit Committee 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 Audit Committee;
- (k) undertake 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 Audit Committee;
- (l) to monitor and review whether there may be occurrence of any potential buyback events as set out in requiring the potential buybacks;



# Corporate Governance

- (m) to review whether the weaknesses as identified by the external and internal auditors have been fully addressed; and
- (n) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

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

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

Based on the framework of risk management and internal controls established and maintained by the Management, the reviews carried out by the respective Board Committees, work performance by the Independent and Internal Auditors, and assurance provided by the CEO and Financial Controller, the Board and the AC is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2018 Post RTO.

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

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

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

The aggregate amount of audit fees paid/payable to the Company's Independent Auditor, Nexia TS Public Accounting Corporation, for FY2018 was S\$130,000 and non-audit fees amounted to S\$253,500. No non-audit fees were paid/payable to the Independent Auditor for FY2018 Post RTO. The non-audit fees are in relation to fees paid to Nexia TS Public Accounting Corporation in their capacity as reporting accountant of the Company for the RTO.

The AC had conducted a review of all audit services provided by the Independent Auditor for FY2018 and is satisfied that the nature and extend of such services will not prejudice the independence of the Independent Auditor as the non-audit fees paid in FY2018 was for the RTO of the Company and is therefore, not expected to be recurring.

After considering 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 the Group and the number and experience of supervisory and professional staff assigned to the particular audit, the AC has recommended to the Board the re-appointment of Nexia TS Public Accounting Corporation as the Independent Auditor for the Company's audit obligations for the financial year ending 31 March 2019.

The Company confirms that it has complied with Catalist Rules 712 and 715 in relation to the appointment of Nexia TS Public Accounting Corporation as the Independent Auditor for the Company's audit obligations for FY2018 Post RTO.

As the Board was only constituted on 26 December 2017 after the completion of the RTO, the AC has only met with the Independent Auditor and Internal Auditor after the end of FY2018, in May 2018 without the presence of Management.

# Corporate Governance

## Commentaries on Key Audit Matters

Below are the AC'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
<b>Accounting for reverse acquisition</b>  On 26 December 2017, the Company completed the acquisition of the entire share capital of MM Myanmar Pte. Ltd. ("MM Myanmar") and its subsidiary corporations by issuing 264,997,065 new ordinary shares at S\$0.263 per share in the Company to the shareholders of MM Myanmar.	The AC reviewed Management's assessment and basis for the accounting treatment of the reverse acquisition, including the key assumptions applied in the determination of the fair value of purchase consideration which involved significant estimates and judgements. The AC considered the audit procedures performed by the Independent Auditor, focusing on the recognition of acquisition costs and the disclosures in the financial statement. The AC is satisfied with the accounting and disclosures made in the Group's financial statements in relation to the reverse acquisition accounting.
<b>Acquisition of Asia Holidays Travels &amp; Tours Company Limited ("AHTT"), Traditional Lodge Hotel Limited ("TLH") and Burma Boating ("BB") Businesses</b>  The acquisition of AHTT, TLH and BB is accounted for using acquisition method in accordance with FRS 103 Businesses Combination.	The AC reviewed Management's processes for the review and determination of the accounting for its business combinations, including the treatment of goodwill and intangible assets and determination of fair values of purchase considerations where significant estimates and judgments were involved. The AC was regularly briefed on Management's plans for its investments. The AC considered the audit procedures performed by the Independent Auditor in relation to the accounting for business combinations. The AC was satisfied with the accounting and disclosures in the financial statements for the Group's investments.
<b>Impairment of goodwill and intangible assets with indefinite useful lives (trademark and brand)</b>  (i) Goodwill on services business segment of approximately US\$5,485,000; (ii) Goodwill on hotels business segment of approximately US\$537,000; (iii) Goodwill of experiences business segment of approximately US\$269,000; (iv) Trademark attributable to services business segment of approximately US\$1,060,000; and (v) Brand attributable to experiences business segment of approximately US\$63,000.	The AC reviewed the outcomes of the goodwill and intangible assets with indefinite useful lives (trademark and brand) impairment process and discussed the details of the review with Management, focusing on the key assumptions applied in the determination of the value-in-use of the cash generating units (CGUs). The AC considered the audit procedures performed by the Independent Auditor, including their assessment of the suitability of valuation methodologies and the underlying key assumptions applied in the determination of the value-in-use of the CGUs. The AC was satisfied with the impairment review process, the approach and methodology used and the assessment that no impairment of goodwill and intangible assets with indefinite useful lives (trademark and brand) was required at this time.

# Corporate Governance

## Internal Audit

---

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

---

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

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

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Shareholder Rights

#### Communications with Shareholders

---

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

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

---

### Shareholders Rights & Responsibility

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

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

#### Communication with shareholders

The Company has in place a communication framework that disseminates timely and complete financial data, price-sensitive information and material developments to shareholders. Quarterly releases of financial results and all other information including presentation materials are first announced on the website of SGX-ST via SGXNet and then posted on the Company's website at <https://www.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.

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

The Company currently does not have a fixed dividend policy. The form, frequency and amount of future dividend paid that the Directors may recommend or declare in respect of any particular financial year or period will depend on the Company's earnings, general financial position, other cash requirements and other factors as the Directors may deem appropriate. After taking into consideration the aforesaid factors, the Company has not declared dividends for FY2018 Post RTO.



# Corporate Governance

## Conduct of Shareholder Meetings

---

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

---

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

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

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

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

## INTERESTED PERSON TRANSACTIONS

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

All interested person transactions are subject to review by the AC which determines whether such transactions are in the best interest of the Company and 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 upon the completion of the RTO. The Company is proposing to seek shareholders' approval to renew the Shareholders' Mandate in the forthcoming 2018 AGM.

# Corporate Governance

The details of interested person transactions conducted under the Shareholders' Mandate for FY2018 Post RTO are set out as below:

Name of Interested Person	Aggregate value of all interested person transactions during FY2018 Post RTO (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 FY2018 Post RTO which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Associates of Mr. Serge Pun.:-		
Construction Services <sup>(1)</sup>	—	US\$2,312,248
Leasing <sup>(2)</sup>	—	US\$27,360
Support Services <sup>(3)</sup>	—	US\$23,192
Finance <sup>(4)</sup>	—	US\$1,127

Notes:

- <sup>(1)</sup> SPA Design and Project Services Ltd.
- <sup>(2)</sup> Yoma Development Group Limited.
- <sup>(3)</sup> Yoma Strategic Holdings Ltd.
- <sup>(4)</sup> YOMA Bank Limited

## DEALING IN SECURITIES

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

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

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

## CODE OF BUSINESS CONDUCT

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

# Corporate Governance

## 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 AC. The AC 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 the 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 AC 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 us as a result of the making of such reports.

## MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2018 Post RTO or if not then subsisting, entered into since the end of the previous financial year.

## USE OF PLACEMENT PROCEEDS

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

Use of Net Proceeds from the Compliance Placement	Amount allocated S\$'000	Amount Utilised S\$'000	Balance S\$'000
Completion of construction of Pun Hlaing Lodge	3,046	3,046	—
Expenditure for branding and marketing efforts and developing an integrated technology platform	762	—	762
Working capital	761	—	761
Investment in or acquisition of further hospitality and tourism assets in Myanmar	3,046	973	2,073
Net proceeds	7,615	4,019	3,596

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

## NON-SPONSOR FEE

In FY2018, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd, a non-sponsor fee of approximately S\$320,000 for its role as a financial adviser, sponsor and placement agent in relation to the RTO. The remaining non-sponsor fees paid to PrimePartners Corporate Finance Pte. Ltd. for its role as a sponsor in relation to the RTO were paid by the vendors in accordance with the terms of the RTO sale and purchase agreement. Please refer to the Company's announcement dated 24 October 2016.



# Directors' Statement

For the financial period ended 31 March 2018

The Directors present their statement to the members together with the audited consolidated financial statements of the Group for the financial period ended 31 March 2018 and the statement of financial position of the Company as at 31 March 2018.

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 53 to 104 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 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, 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	(appointed on 26 December 2017)
Mr. Georges Michel Novatin	(appointed on 26 December 2017)
Mr. Basil Chan	(appointed on 26 December 2017)
Mr. Tun Tun	(appointed on 26 December 2017)
Mr. Robin Lee Chye Beng	(appointed on 26 December 2017)
Ms. Judy Chan	(appointed on 26 December 2017)

### Notes:

Mr. Teo Soo Kiat	(resigned on 26 December 2017)
Mr. Teo Soo Chew	(resigned on 26 December 2017)
Mr. Teo Chiang Khai	(resigned on 26 December 2017)
Mr. Teo His Leang	(resigned on 26 December 2017)
Mr. Ng Fook Ai, Victor	(resigned on 26 December 2017)
Mr. Teo Eu Jin, Nicholas	(resigned on 26 December 2017)

## 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 31.3.2018	At 1.1.2017, or date of appointment, if later	At 31.3.2018	At 1.1.2017, or date of appointment, if later
<b>Company</b>				
<u>Number of ordinary shares</u>				
Mr. Serge Pun @ Theim Wai	—	—	209,026,274	209,026,274

# Directors' Statement

For the financial period ended 31 March 2018

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

- (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 wholly owned subsidiary corporations.
- (c) Save as disclosed under Memories Performance Share Plan, the Directors' interests in the ordinary shares of the Company as at 21 April 2018 were the same as those as at 31 March 2018.

## PERFORMANCE SHARE PLAN

### Memories Performance Share Plan

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

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

Under the Memories PSP, the award of fully-paid shares, free of charge (the "Award") to eligible participants will be determined at the absolute discretion of the Remuneration Committee ("RC") which will oversee and administer the Memories PSP, provided that no member of the RC shall participate in any deliberation or decision in respect of Awards granted or to be granted to him. In considering the grant of an Award to a participant, the RC shall take into account (where applicable) criteria such as the rank, scope of responsibilities, performance, years of services and potential for future development of the participant. The length of the vesting period in respect of each Award will be determined by the RC on a case-by-case basis taking into consideration the length of service of the participant and the need to retain the participant so as to encourage him/her to continue serving the Group for a further period even after having satisfied the performance target. No minimum vesting periods are prescribed under the Memories PSP. The criteria and terms of the Awards will be applied consistently to all participants including the controlling shareholders and their associates.

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

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

There were no Awards granted during the financial period ended 31 March 2018.

On 4 April 2018, the Company granted Awards for an aggregate of 1,000,000 shares to the Chief Executive Officer of the Company, Mr. Georges Michel Novatin, pursuant to the Memories PSP.

## SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued share of the Company.

There were no unissued shares of the Company under the option at the end of the financial year.

# *Directors' Statement*

For the financial period ended 31 March 2018

## **AUDIT COMMITTEE**

The members of the Audit Committee (the "AC") at the end of the financial period ended 31 March 2018 were as follows:

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

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

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the statement of financial position of the Company as at 31 March 2018 and the consolidated financial statements of the Group for the financial period ended 31 March 2018 before their submission to the Board of Directors as well as the independent auditor's report on the consolidated financial statements of the Group and the statement of financial position of Company.

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

## **INDEPENDENT AUDITOR**

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

On behalf of the Board of Directors

---

Mr. Serge Pun @ Theim Wai  
Director

28 June 2018

---

Mr. Georges Michel Novatin  
Director



# *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 (formerly known as SHC Capital Asia Limited) (the “Company”) and its subsidiary corporations (the “Group”) which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018, 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 then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 53 to 104.

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 Financial Reporting Standards in Singapore (“FRSs”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 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.

### *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.

#### Accounting for reverse acquisition

See accounting policies on 2.3 (a) (iii) and Note 1.3

Refer to Note 19 (f) to the financial statements

### **Area of focus**

On 26 December 2017, the Company completed its acquisition of the entire share capital of MM Myanmar Pte. Ltd. (“MM Myanmar”) and its subsidiary corporations (collectively, “MM Group”) by issuing 264,997,065 new ordinary shares at S\$0.263 in the Company to the shareholders of MM Myanmar.

The acquisition of MM Myanmar was treated as a reverse acquisition or reverse takeover (“RTO”) for accounting purpose as the shareholders of MM Myanmar became the controlling shareholders of the Company upon completion of the acquisition. Accordingly, MM Myanmar (being the legal subsidiary corporation in the transaction) is regarded as accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree. MM Myanmar is deemed to have issued equity shares as purchase consideration for the assets and liabilities of the Company using the accounting principles of FRS102 *Share-based Payment*, as the Company’s operations (i.e. cash company) did not constitute a business under FRS103 *Business Combinations*.

# *Independent Auditor's Report*

to the Members of Memories Group Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### **Key Audit Matters (cont'd)**

#### Accounting for reverse acquisition (cont'd)

See accounting policies on 2.3 (a) (iii) and Note 1.3

Refer to Note 19 (f) to the financial statements

#### **Area of focus (cont'd)**

Given the significant judgement involved in identifying the accounting acquiree and acquirer, the materiality of the transaction and the complexity of the accounting and disclosure, we have focused on this transaction in the following areas:

- the recognition of acquisition cost of approximately US\$6,327,000 in profit or loss for the financial period ended 31 March 2018 (Note 6), and the quantification of the deemed consideration deemed paid to the Company's shareholders by MM Myanmar of approximately US\$9,315,000 [Note 19 (f)];
- the disclosure of the RTO in financial statements is not common. The equity disclosure and comparative numbers in the consolidated financial statements are that of MM Group while the legal shareholding relates to the Company.

#### **How our audit addressed the matter**

As part of our audit procedures on the accounting for the RTO, we have obtained the signed sale and purchase agreement and reviewed the significant terms to obtain an understanding of the transaction. We assessed management's basis to treat the transaction as a reverse acquisition based on the applicable standards, which includes the identification of the accounting acquiree and acquirer, the determination of fair value of the deemed consideration and the treatment of the acquisition cost.

We have evaluated the methodology and checked the accuracy of the calculation of the acquisition cost and the fair value of deemed consideration deemed paid to the Company's shareholders. We have also compared the underlying inputs, including the share price and foreign exchange rate with independent data source for the calculation of the deemed consideration. We also evaluated whether the Group's disclosures in respect of the reverse acquisition were reasonable and reflected the transaction terms.

#### Acquisition of Asia Holidays Travels & Tours Company Limited ("AHTT"), Traditional Lodge Hotel Limited ("TLH") and Burma Boating ("BB") Business

See accounting policies on Note 2.3 (a) (ii) and Note 1.2

Refer to Note 19 (b) and Note 27 to the financial statements

#### **Area of focus**

Prior to the completion of the RTO, MM Myanmar has acquired AHTT and TLH under the Amended and Restated Sale and Purchase Agreement dated 17 August 2017 as part of its restructuring exercise to consolidate the acquired businesses. MM Myanmar completed the acquisition of AHTT and TLH through issuance of 8,384,738 and 6,335,580 new ordinary shares to the shareholders of AHTT and TLH or their nominees respectively.

The transfers of the issued and paid-up share capital and/or acquisition of the economic interests in the shares of AHTT and TLH for fair value of purchase consideration of approximately US\$6,152,000 and US\$4,648,000 (Note 27) respectively are accounted for using acquisition method in accordance with FRS 103 *Business Combinations*.

To further expand the portfolio, MM Myanmar has on 1 March 2018, acquired BB Business. The acquisition of BB business including the tangible assets, brand, as well as existing contracts and bookings, for a cash consideration of approximately US\$974,000 (Note 27). The acquisition of BB is accounted for using acquisition method in accordance with FRS 103 *Business Combinations*.

# Independent Auditor's Report

to the Members of Memories Group Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key Audit Matters (cont'd)

Acquisition of Asia Holidays Travels & Tours Company Limited ("AHTT"), Traditional Lodge Hotel Limited ("TLH") and Burma Boating ("BB") Business (cont'd)

See accounting policies on Note 2.3 (a) (ii) and Note 1.2

Refer to Note 19 (b) and Note 27 to the financial statements

### Area of focus (cont'd)

FRS 103 *Business Combinations* requires the Group to recognise the identified assets and liabilities at fair value as at the date of acquisition, with the excess of the acquisition cost over the identified fair value of recognised assets and liabilities as goodwill. Significant judgement is applied in the identification of any intangible assets acquired and contingent liabilities assumed in the transaction. Significant assumptions and estimates are also used in the determination of the fair values of the identified assets acquired and liabilities assumed in the transaction.

Management has engaged an independent valuer ("management expert") to issue valuation reports on the fair values of the identified assets and liabilities at the respective acquisition dates. The purchase price allocation ("PPA") exercises were completed and intangible assets, including goodwill, amounting to US\$7,941,000 (Note 27) at the acquisition dates were recognised.

### How our audit addressed the matter

In auditing the accounting treatment for the acquisitions of AHTT, TLH and BB business, we have obtained the signed sale and purchase agreements and read the significant terms relevant to the accounting and disclosure of the financial statements. We have assessed the management's basis to treat these transactions as business combinations.

We have evaluated the competencies, capabilities and objectivity of the management expert. An important element of our audit relates to the identification and valuation of the acquired intangible assets, tangible assets and liabilities. In particular, the fair value adjustments to the AHTT's customer relationship and trademark, TLH's and BB's property, plant and equipment and the fair value of the purchase considerations. We corroborated this identification based on our discussion with management, the management expert and our understanding of the business of AHTT, TLH and BB.

The Group recognised customer relationship and trademark and adjusted the fair value of property, plant and equipment pursuant to the PPA exercises. Together with our internal valuation specialists, we have evaluated the reasonableness of the key assumptions in deriving the fair value adjustments and methodologies used by the management and the management expert to measure the fair value of the acquired assets and purchase consideration. We also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

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

See accounting policies on Note 2.8 (a), Note 2.6 (d) and Note 2.6 (e)

Refer to Note 3 (a) and Note 16 (g) to the financial statements

### Area of focus

During the financial period ended 31 March 2018, management performed impairment assessment on the following non-financial assets:

- Goodwill on services business segment of approximately US\$5,484,000;
- Goodwill on hotels business segment of approximately US\$537,000;
- Goodwill on experiences business segment of approximately US\$261,000;
- Trademark attributable to services business segment of approximately US\$1,060,000; and
- Brand attributable to experiences business segment of approximately US\$63,000.



# *Independent Auditor's Report*

to the Members of Memories Group Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### *Key Audit Matters (cont'd)*

#### Impairment of goodwill or intangible assets with indefinite useful lives (trademark and brand) (cont'd)

See accounting policies on Note 2.8 (a), Note 2.6 (d) and Note 2.6 (e)

Refer to Note 3 (a) and Note 16 (g) to the financial statements

### **Area of focus (cont'd)**

We considered the audit of management's impairment assessment of these assets to be a key audit matter due to the magnitude of the amounts recognised in the financial statements. In addition, the assessment process involved significant management estimate and was based on assumptions that are affected by future market and economic conditions. Management determined the recoverable amounts of the trademark, brand and the cash-generating units ("CGU") associated with the goodwill based on value-in-use calculation using discounted cash flows, which involved significant judgements in estimating the gross margin, weighted average growth rate and discount rate. Based on the impairment test, management assessed that these assets were not impaired as at 31 March 2018.

### **How our audit addressed the matter**

We evaluated the reasonableness of management's estimate of gross margin by taking into consideration each CGU's past performance, management's plan and expectation of market developments in Myanmar, as well as our understanding of the business climate for the tourism industry. We reviewed management's forecasting process by comparing previous forecast to actual results. We 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 of the recoverable amounts of each CGU. The sensitivity analysis involved in assessing the impact to the recoverable amounts of each CGU when reasonable possible changes to the weighted average growth rate and discount rate are made. We also reviewed the adequacy of the disclosures made in relation to the impairment assessment of goodwill and intangible assets with indefinite useful lives (trademark and brand) in Note 3 (a) and Note 16 (g) to the financial statements.

### *Other Matter*

The consolidated financial statements of the Group for the financial period ended 31 March 2017 ("comparative numbers") are that of MM Myanmar and its subsidiary corporations (i.e. the entities with interest in the "Balloons over Bagan" business, the Bagan Land business and the Pun Hlaing Lodge business) which were presented using the merger accounting as MM Myanmar and its subsidiary corporations were considered to be under common control before and after internal restructuring which was completed in August 2017 (Note 1.2).

No audited report was issued in respect of the comparative numbers as MM Myanmar was incorporated in December 2016 with its first set of financial statements being the financial period ended 31 March 2018. Management is responsible for the preparation of the comparative numbers that give a true and fair view in accordance with the provisions of the Act and FRSs. We have audited the comparative numbers as part our audit of the consolidated financial statements of the Group for the financial period ended 31 March 2018.

### *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.

# *Independent Auditor's Report*

to the Members of Memories Group Limited

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

### ***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 FRSS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the 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.
- 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.

# *Independent Auditor's Report*

to the Members of Memories Group Limited

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

### ***Auditor's Responsibilities for the Audit of the Financial Statements*** (cont'd)

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.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

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

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

**Singapore**  
**28 June 2018**

# Consolidated Statement of Comprehensive Income

For the financial period ended 31 March 2018

	Note	2018 US\$'000	2017 US\$'000 (unaudited)
Revenue	4	8,842	6,156
Cost of sales		(4,750)	(2,498)
Gross profit		4,092	3,658
Other (loss)/income – net	6	(5,929)	329
Expenses			
– Administrative		(4,147)	(2,520)
– Distribution and marketing		(240)	(46)
(Loss)/Profit before income tax		(6,224)	1,421
Income tax expense	8(a)	(205)	(383)
<b>Net (loss)/profit attributable to equity holders of the Company</b>		<b>(6,429)</b>	<b>1,038</b>
<b>Other comprehensive (loss)/income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Currency translation losses arising from consolidation	20(c)	(285)	–
<b>Other comprehensive (loss)/income, net of tax</b>		<b>(285)</b>	<b>–</b>
<b>Total comprehensive (loss)/income attributable to equity holders of the Company</b>		<b>(6,714)</b>	<b>1,038</b>
<b>Earnings per share attributable to equity holders of the Company (Cents per share)</b>			
– Basic and diluted	9	(2.03)	0.34

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



# Statements of Financial Position

As at 31 March 2018

	Note	Group		Company	
		31.3.2018	31.3.2017	31.3.2018	31.12.2016
		US\$'000	US\$'000	US\$'000	US\$'000
		(unaudited)		(restated)	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	10	9,075	546	6,676	25,352
Trade and other receivables	11	3,223	6,734	4,122	7
Inventories	12	134	86	—	—
Development properties	13	—	6,666	—	—
		12,432	14,032	10,798	25,359
<b>Non-current assets</b>					
Investment in subsidiary corporations	14	—	—	52,112	—
Property, plant and equipment	15	30,052	15,377	—	217
Intangible assets	16	8,114	534	—	—
		38,166	15,911	52,112	217
<b>Total assets</b>		50,598	29,943	62,910	25,576
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	17	5,507	6,784	324	325
Current income tax liabilities	8(b)	537	423	—	—
		6,044	7,207	324	325
<b>Non-current liabilities</b>					
Deferred income tax liabilities	18	745	133	—	—
<b>Total liabilities</b>		6,789	7,340	324	325
<b>NET ASSETS</b>		43,809	22,603	62,586	25,251
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	19	67,902	39,982	68,197	27,781
Other reserves	20	(20,475)	(20,190)	(47)	(65)
(Accumulated losses)/Retained profits		(3,618)	2,811	(5,564)	(2,465)
<b>Total equity</b>		43,809	22,603	62,586	25,251

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

# Consolidated Statement of Changes in Equity

For the financial period ended 31 March 2018

		Attributable to equity holders of the Company				
	Note	Share capital	Merger reserve	Translation reserve	(Accumulated losses)/ Retained profits	Total equity
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>2018</b>						
<b>Beginning of financial period</b>		39,982	(20,190)	—	2,811	22,603
Issuance of shares for acquisition of subsidiary corporations pursuant to restructuring exercise	19(b)	10,800	—	—	—	10,800
Issuance of shares pursuant to the reverse acquisition	19(f)	9,315	—	—	—	9,315
Issuance of placement share	19(g)	8,134	—	—	—	8,134
Share issue expenses	19	(329)	—	—	—	(329)
Total comprehensive loss for the financial period		—	—	(285)	(6,429)	(6,714)
<b>End of financial period</b>		<b>67,902</b>	<b>(20,190)</b>	<b>(285)</b>	<b>(3,618)</b>	<b>43,809</b>
<b>2017 (unaudited)</b>						
<b>Beginning of financial period</b>		39,982	(20,190)	—	4,918	24,710
Dividends declared	22	—	—	—	(3,145)	(3,145)
Total comprehensive income for the financial period		—	—	—	1,038	1,038
<b>End of financial period</b>		<b>39,982</b>	<b>(20,190)</b>	<b>—</b>	<b>2,811</b>	<b>22,603</b>

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

# Consolidated Statement of of Cash Flows

For the financial period ended 31 March 2018

	Note	2018 US\$'000	2017 US\$'000 (unaudited)
<b>Cash flows from operating activities</b>			
Net (loss)/profit		(6,429)	1,038
Adjustments for:			
– Acquisition cost arising from reverse acquisition	6	6,327	–
– Income tax expense	8(a)	205	383
– Interest income from bank deposit	6	(8)	(4)
– Depreciation of property, plant and equipment	5	709	432
– Amortisation of intangible assets	5	361	273
– Write-off of property, plant and equipment	5	5	–
– Gain on disposal of property, plant and equipment	6	(5)	–
– Unrealised currency translation gains		(243)	(1)
<b>Operating cash flows before changes in working capital</b>		922	2,121
Changes in working capital, net of effects from acquisition of subsidiary corporations:			
– Inventories		(9)	(5)
– Trade and other receivables		(6,769)	(2,205)
– Trade and other payables		8,598	(394)
Cash generated from/(used in) operations		2,742	(483)
Interest received		–	4
Income tax paid	8(b)	(584)	(401)
<b>Net cash provided by/(used in) operating activities</b>		2,158	(880)
<b>Cash flows from investing activities</b>			
Acquisition of businesses, net of cash acquired	27(b)	(825)	–
Proceeds from reverse acquisition	19(f)	3,107	–
Additions to property, plant and equipment		(3,678)	(506)
Proceeds from disposal of property, plant and equipment		6	–
<b>Net cash used in investing activities</b>		(1,390)	(506)
<b>Cash flows from financing activities</b>			
Proceeds from placement shares, net of transaction costs	19(g)	7,805	75
<b>Net cash provided by financing activities</b>		7,805	75
<b>Net increase/(decrease) in cash and cash equivalents</b>		8,573	(1,311)
Cash and cash equivalents at beginning of financial period		546	1,857
Effects of currency translation on cash and cash equivalents		(44)	–
<b>Cash and cash equivalents at end of financial period</b>	10	9,075	546

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

# Notes to the Financial Statements

For the financial period ended 31 March 2018

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

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Memories Group Limited on 28 June 2018.

## 1. CORPORATE INFORMATION

### 1.1 General information

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

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

The principal activities of the Company are that of head and regional head office, centralised administrative office and subsidiary corporation management. The principal activities of subsidiary corporations are disclosed in Note 14 of the financial statements.

### 1.2 Restructuring of MM Group

On 23 December 2016, Yoma Strategic Investments Ltd. (“YSIL”) and First Myanmar Investment Company Limited (“FMI”) incorporated MM Myanmar in Singapore with initial share capital of S\$2, held equally by YSIL and FMI. MM Myanmar in turn through its subsidiary corporations acquired the issued and paid-up share capital of and/or economic interests in the shares of Shwe Lay Ta Gun Travels & Tours Company Limited (“SLTG”), Chindwin Investments Limited (“CIL”), Pun Hlaing Lodge Hotel Management Limited (“PHLHML”), Asia Holidays Travels & Tours Company Limited (“AHTT”) and Traditional Lodge Hotel Company Limited (“TLH”) (the “Restructuring Exercise”).

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

The transfer of the issued and paid-up share capital and/or acquisition of the economic interests in the shares of SLTG, CIL and PHLHML is accounted for using the pooling-of-interest method as these entities are under common control of YSIL before and after the Restructuring Exercise. On the basis that no acquisition has occurred and there has been a continuation of the risks and benefits to the controlling party (i.e. YSIL) that existed prior to the Restructuring Exercise, this transaction is outside the scope of FRS 103 *Business Combinations*, MM Myanmar has applied merger accounting to reflect the continuation of SLTG, CIL and PHLHML businesses for the financial period ended 31 March 2018 and for the comparative financial period ended 31 March 2017 as if the Restructuring Exercise had occurred from the date SLTG, CIL and PHLHML first came under the control of YSIL. At the consolidated financial statements, the difference between the values of ordinary shares issued by MM Myanmar and the share capital of SLTG, CIL and PHLHML was recorded in merger reserve.

The transfer of the issued and paid-up share capital and/or acquisition of the economic interests in the shares of AHTT and TLH is accounted for using acquisition method in accordance with FRS 103 and consolidated into MM Group with effect from 18 August 2017.



# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 1. CORPORATE INFORMATION (CONT'D)

### 1.3 Reverse acquisition

The Company completed its acquisition of the entire share capital of MM Myanmar (“reverse acquisition”) on 26 December 2017 by way of the issuance of 264,997,000 new ordinary shares in the Company to the shareholders of MM Myanmar. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of MM Myanmar became the controlling shareholders of the Company on completion of the transaction. Accordingly, MM Myanmar (being the legal subsidiary corporation in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree.

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

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

Following the completion of the reverse acquisition, the principal business of the Group is those of MM Group. The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in FRS 103 *Business Combinations*, but it does not result in the recognition of goodwill, as the Company was deemed as a cash company under the Rule 1017 of the Catalist Rules and did not meet the definition of a business as set out in FRS 103 *Business Combinations*. Instead, such transaction falls within the scope of FRS 102 *Share-based Payments*, which requires the deemed shares issued by the legal subsidiary corporation (as consideration for the acquisition of the Company) to be recognised at fair value. Excess of deemed acquisition cost over the fair value of the Company’s identifiable net assets is treated as cost of obtaining a listing by the legal subsidiary corporation, MM Myanmar.

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

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

Further details on accounting of the reverse acquisition are provided in Note 19.

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the 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.

The financial statements of the Company for the financial year ended 31 December 2016 were previously presented in Singapore Dollar (“S\$”). Pursuant to the completion of the reverse acquisition, the Company changed its functional currency from S\$ to US Dollar (“US\$”) as the functional currency of most of the entities within MM Group is in US\$. Accordingly, the Group and the Company have also changed their presentation currency from S\$ to US\$ which is accounted for retrospectively in accordance with FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, and the Group and the Company have represented the opening statement of financial positions as at 1 April 2017 and 1 January 2017 respectively.

#### Interpretations and amendments to published standards effective in 2018

On 1 April 2017, the Group adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application for the financial period. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of the new or amended FRS and INT FRS did not result in substantial changes to the Group’s and the Company’s accounting policies and had no material effect on the amounts reported for the current financial or prior financial period.

#### *FRS 7 Statement of Cash Flows*

The amendments to FRS7 *Statement of Cash Flows (Disclosure initiative)* sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities including both changes arising from cash flows and non-cash changes. No additional disclosure required in the Consolidated Statement of Cash Flows of the Group for current and prior financial periods.

### 2.2 Revenue recognition

Revenue comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group’s activities. Revenue are presented, net of value-added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group’s activities are met as follows:

#### (a) *Rendering of services – Destination management, Hot air balloon, Cruise*

Revenue from rendering of services are recognised in the period in which the services are rendered.

#### (b) *Rental of lodges*

Revenue from rental of lodges are recognised when lodges are occupied.

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Revenue recognition (cont'd)

#### (c) *Sale of goods – Food, beverages and merchandises*

Revenue from sale of goods are recognised when the goods are delivered to the customers.

#### (d) *Interest income*

Interest income are recognised using the effective interest method.

### 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, intercompany 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 asset transferred. 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.

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

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Group accounting (cont'd)

#### (a) *Subsidiary corporations (cont'd)*

##### (ii) *Acquisitions (cont'd)*

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 combination 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.

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

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

##### (iv) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specified Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

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

#### (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.



# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Property, plant and equipment

#### (a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs of a self-constructed asset include material costs, labour costs and other direct costs used in the construction of the asset. Other costs such as start-up costs, administration and other general overhead costs, advertising and training costs are excluded and expensed as incurred.

#### (b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Land and Buildings	29 years
Machinery, facilities and equipment	10 years
Renovation, furniture and office equipment	3-5 years
Motor vehicles	4 years
Computers	3 years
Hot air balloons and equipment	6 years
Yacht	10 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

#### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

#### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income/(loss) - net".

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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 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

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

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.8 Impairment of non-financial assets

#### (a) Goodwill

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

Goodwill or intangible assets with indefinite useful lives (trademark and brand) recognised separately as intangible assets are tested for impairment annually and whenever there is indication that the goodwill or intangible assets with indefinite useful lives (trademark and brand) may be impaired. For the purpose of impairment testing of goodwill or intangible assets with indefinite useful lives (trademark and brand), goodwill or intangible assets with indefinite useful lives (trademark and brand) are allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill or intangible assets with indefinite useful lives (trademark and brand), exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

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 estimate used to determine the asset's recoverable amount since the last impairment loss was recognised.

#### (b) Intangible assets

##### *Property, plant and equipment*

##### *Investment in subsidiary corporations*

Intangible assets, property, plant and equipment and investment in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as revaluation decrease.

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

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

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Financial assets

#### (a) Classification

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as “trade and other receivables” (Note 11) and “cash and bank balances” (Note 10) on the statements of financial position.

#### (b) Recognition and derecognition

Regular way of purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

#### (c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

#### (d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

#### (e) Impairment

The Group assessed at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.



# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 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.

### 2.11 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.

### 2.12 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.

### 2.13 Operating leases

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

#### *When the Group is the lessee*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

### 2.14 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 ended 31 March 2018

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.15 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.

### 2.16 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.

### 2.17 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.

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.18 Currency translation

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

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar, which is the functional currency of the Company and all values have been rounded to the nearest thousand (US\$'000) unless otherwise stated.

#### (b) *Transactions and balances*

Transactions denominated in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### (c) *Transactions 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 at the reporting date.

### 2.19 Segment reporting

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

### 2.20 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the statements of financial position.

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.21 Share Capital

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

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Goodwill and intangible assets with indefinite useful lives (trademark and brand) are tested for impairment annually and whenever there is indication that the goodwill and intangible assets with indefinite useful lives (trademark and brand) may be impaired. In performing the impairment assessment of the carrying amount of goodwill and intangible assets with indefinite useful lives (trademark and brand), as disclosed in Note 16 (g), the recoverable amounts of cash - generating units ("CGUs") in which goodwill has been attributable to, are determined using value-in-use ("VIU") calculation.

Significant judgements are used to estimate the gross margin, weighted average growth rates and pre-tax discount rates applied in computing the recoverable amounts of different CGUs. In making these estimates, management has relied on past performance, its expectations of market developments in Myanmar, the industry trends of hospitality industry. Specific estimates are disclosed in Note 16 (g).

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

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

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

Management has assessed that there is no objective evidence or indication that the carrying amounts of the Group's and the Company's non-financial assets other than goodwill may not be recoverable as at the reporting date, accordingly impairment assessment is not required. The carrying amount of non-financial assets at the reporting date are disclosed in Note 14, Note 15 and Note 16 respectively.

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

The estimates for the useful lives and related depreciation charges for property, plant and 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 and the Company's class of assets at the end of the reporting date are disclosed in Note 15 and Note 16.



# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

### (d) Uncertain tax positions

The Group is subject to income taxes in Singapore and Myanmar jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses (“uncertain tax positions”) at each tax jurisdiction.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The Group has open tax assessments with a tax authority at the reporting date. As management believes that the tax positions are sustainable, the Group has not recognised any additional tax liability on these uncertain tax provisions. The amount of income tax expense and carrying amount of current income tax liabilities at the reporting date are disclosed in Note 8.

## 4. REVENUE

	Group	
	2018	2017
	US\$'000	US\$'000
	(unaudited)	
Sale of goods		
– Goods and merchandise	84	77
– Food and beverages	169	–
	253	77
Rendering of services		
– Hot air balloon services	5,828	6,079
– Destination management services	2,410	–
– Cruise services	33	–
	8,271	6,079
Rental of lodges	318	–
	8,842	6,156

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 5. EXPENSES BY NATURE

	Group	
	2018 US\$'000	2017 US\$'000 (unaudited)
Amortisation of intangible assets [Note 16(f)]	361	273
Depreciation of property, plant and equipment (Note 15)	709	432
Total amortisation and depreciation	1,070	705
Allowance for impairment of trade receivables [Note 23(b)(ii)]	31	—
Write-off of property, plant and equipment	5	—
Purchase of inventories	448	414
Advertisement	56	37
Marketing and commission	165	4
Rental expenses on operating leases	175	175
Employee compensation (Note 7)	3,256	2,197
Professional fee	144	117
Fees on audit services paid/payable to:		
– Auditor of the Company	86	1
– Other auditor	12	—
Total fees on audit services	98	1
Travelling and related costs	123	100
Hot air balloon operating costs	949	1,071
Service providers' costs	1,876	—
Cruise operating costs	8	—
Utilities expenses	23	6
Others	681	233
Changes in inventories	29	4
Total cost of sales, administrative, and distribution and marketing expenses	9,137	5,064

## 6. OTHER (LOSS)/INCOME - NET

	Group	
	2018 US\$'000	2017 US\$'000 (unaudited)
Acquisition cost arising from reverse acquisition [Note 19(f)]	(6,327)	—
Currency translation (loss)/gains, net	(53)	270
Service fee	94	—
Write back of long-outstanding payables	256	—
Interest income from bank deposit	8	4
Gain on disposal of property, plant and equipment	5	—
Others	88	55
	(5,929)	329

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 7. EMPLOYEE COMPENSATION

	Group	
	2018 US\$'000	2017 US\$'000 (unaudited)
Wages and salaries	2,479	1,613
Employer's contribution to defined contribution plans	19	8
Other short-term benefits	758	576
	3,256	2,197

## 8. INCOME TAXES

### (a) Income tax expense

	Group	
	2018 US\$'000	2017 US\$'000 (unaudited)
Tax expense attributable to profit or loss is made up of:		
– Profit for the financial period:		
Current income tax		
– Singapore	4	–
– Foreign (Myanmar)	275	528
	279	528
– Deferred income tax (Note 18)	(99)	(68)
	180	460
– Under/(Over) provision in prior financial years:		
Current income tax - Foreign (Myanmar)	25	(77)
	205	383

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	
	2018 US\$'000	2017 US\$'000 (unaudited)
(Loss)/Profit before income tax	(6,224)	1,421
Tax calculated at a tax rate of 17% (2017: 17%)	(1,058)	242
Effects of:		
– different tax rates in other country	93	136
– expenses not deductible for tax purposes	1,174	151
– income not subject to tax purposes	(29)	–
– under/(over) provision of tax in prior financial years	25	(77)
– others	–	(69)
Income tax expense	205	383

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 8. INCOME TAXES (CONT'D)

### (b) Movement in current tax liabilities

	Group		Company	
	31.3.2018	31.3.2017	31.3.2018	31.12.2016
	US\$'000	US\$'000	US\$'000	US\$'000
		(unaudited)		(restated)
Beginning of financial year	423	373	—	—
Acquisition of subsidiary corporations [Note 27(c)]	394	—	—	—
Income tax expense for current financial period	279	528	—	—
Income tax paid	(584)	(401)	—	—
Under/(Over)-provision in prior financial years	25	(77)	—	—
End of financial year	537	423	—	—

## 9. EARNINGS PER SHARE

Basic 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.

In connection with the reverse acquisition, the number of ordinary shares outstanding from the beginning of the financial period to the completion date of the reverse acquisition for purpose of calculating the weighted average number of ordinary shares is deemed to be the number of ordinary shares issued by the Company to the shareholders of MM Myanmar. The number of ordinary shares outstanding from the completion date to the end of the period is the weighted average number of ordinary shares of the Company outstanding during the period.

The comparative earnings per share reflected the results of MM Group during the financial period ended 31 March 2017. The number of ordinary shares issued by the Company for the reverse acquisition is deemed to be the weighted average member of ordinary shares for the financial period ended 31 March 2017.

	Group	
	2018	2017
	US\$'000	US\$'000
		(unaudited)
Net (loss)/ profit attributable to equity holders of the Company (US\$'000)	(6,429)	1,038
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	316,583	305,983
Basic and diluted earnings per share (cents)	(2.03)	0.34

Diluted earnings per share are the same as basic earnings per shares as there were no potential dilutive ordinary shares existing during the respective periods.



# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 10. CASH AND BANK BALANCES

	Group		Company	
	31.3.2018	31.3.2017	31.3.2018	31.12.2016
	US\$'000	US\$'000	US\$'000	US\$'000
		(unaudited)		(restated)
Cash and bank balances	7,374	546	4,975	21,581
Short term bank deposit	1,701	–	1,701	3,771
	9,075	546	6,676	25,352

Please refer to Note 19(f) and Note 27(b) for the effects of reverse acquisition and acquisition of subsidiary corporations and business respectively on cash flows of the Group.

## 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.3.2018	31.3.2017	31.3.2018	31.12.2016
	US\$'000	US\$'000	US\$'000	US\$'000
		(unaudited)		(restated)
Trade receivables - non-related parties	387	245	–	–
Less: Allowance for impairment of receivables [Note 23(b)(ii)]	(31)	–	–	–
Trade receivables – net	356	245	–	–
Non-trade receivables				
– Non-related parties	1,831	2	54	–
– Subsidiary corporations	–	–	3,900	–
– Related parties	155	6,206	155	–
	1,986	6,208	4,109	–
Deposits	7	27	–	1
Prepayment	874	254	13	6
	3,223	6,734	4,122	7

Non-trade receivables from subsidiary corporations and related parties are interest-free, unsecured and are receivable on demand.

In connection with the reverse acquisition, MM Group entered into a Master Settlement Agreement on 19 November 2017 for the settlement of receivables and payables between MM Group and the former immediate holding corporation, Yoma Strategic Investments Ltd. and its subsidiary corporations.

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 12. INVENTORIES

	Group	
	31.3.2018 US\$'000	31.3.2017 US\$'000 (unaudited)
Consumables	134	86

The cost of inventories recognised as an expense and included in “cost of sales” amounted to US\$400,000 (2017: US\$410,000).

## 13. DEVELOPMENT PROPERTIES

	Group	
	31.3.2018 US\$'000	31.3.2017 US\$'000 (unaudited)
Beginning of financial year	6,666	6,663
Addition	–	3
Transfer to property, plant and equipment (Note 15)	(6,666)	–
End of financial year	–	6,666

The development properties as at 31 March 2017 was in relation to Bagan Land which was held for proposed commercial and tourism-related hospitality development (Subject to obtaining the relevant regulatory approval). It was reclassified to property, plant and equipment as at 31 March 2018 due to the uncertainty in obtaining of regulatory approval for the next twelve months and the use of the land is undetermined.

## 14. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	31.3.2018 US\$'000	31.12.2016 US\$'000
<i>Equity investment at cost</i>		
Beginning of financial period	–	–
Acquisition of MM Myanmar arising from the reverse acquisition [Note 19(f)]	52,112	–
End of financial period	52,112	–

The Group had the following subsidiary corporations as at 31 March 2018 and 2017:

Name of subsidiary corporation	Principal activities	Country of incorporation/ Principal place of business	Proportion of ordinary shares held by the Group	
			31.3.2018	31.3.2017
<u>Held by the Company</u>				
MM (Myanmar) Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	—
<u>Subsidiary corporations of MM Myanmar Pte. Ltd.</u>				
MM (PHL) Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	100%
MM (BOB) Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	100%
MM (DMC) Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	100%

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 14. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Name of subsidiary corporation	Principal activities	Country of incorporation/ Principal place of business	Proportion of ordinary shares held by the Group	
			31.3.2018	31.3.2017
MM (HAL) Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	100%
MM (BL) Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	100%
Burma Boating Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100%	—
<u>Subsidiary corporation of MM (PHL) Pte. Ltd.</u>				
Pun Hlaing Lodge Hotel Management Limited (“PHLHML”) <sup>(2)</sup>	Hotel development	Myanmar	100%	100%
<u>Subsidiary corporation of MM (BOB) Pte. Ltd.</u>				
Shwe Lay Ta Gun Travels & Tours Company Limited (“SLTG”) <sup>(2) (3)</sup>	Provision of hot- air balloon services	Myanmar	100%	100%
<u>Subsidiary corporation of MM (DMC) Pte. Ltd.</u>				
Asia Holidays Travels & Tours Company Limited (“AHTT”) <sup>(2) (4)</sup>	Provisions of tour operator and travel agency businesses	Myanmar	100%	—
<u>Subsidiary corporations of MM (HAL) Pte. Ltd.</u>				
Hpa An Traditional Lodge Limited (“HAL MM Co”) <sup>(2)</sup>	Operation of restaurants and related services, and management of hotel and related hospitality businesses	Myanmar	100%	—
Traditional Lodge Hotel Company Limited (“TLH”) <sup>(2) (5)</sup>	Provision of lodge services	Myanmar	100%	—
<u>Subsidiary corporations of MM (BL) Pte. Ltd.</u>				
Riverside Bagan Limited (“BL MM Co”)	Operation of restaurants and related services, and management of hotel and related hospitality businesses	Myanmar	100%	—
Chindwin Investments Limited <sup>(2)</sup>	Investment holding	Myanmar	100%	—
<u>Subsidiary corporation of Burma Boating Pte. Ltd.</u>				
Burma Boating Company Limited <sup>(2)</sup>	Provision of cruise services	Myanmar	100%	—

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 14. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

- <sup>(1)</sup> Audited by Nexia TS Public Accounting Corporation ("Nexia TS"), Singapore.
- <sup>(2)</sup> For the purpose of preparing the consolidated financial statements, these entities are audited by Nexia TS under full scope audit or audit of significant financial statement line items. Audited by Excellent Choice Professional Financial Consultant and Auditing Group for local statutory purposes.
- <sup>(3)</sup> 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.
- <sup>(4)</sup> 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.
- <sup>(5)</sup> MM (HAL) Pte. Ltd. holds economic interests in respect of 100.0% of the issued share capital of Traditional Lodge Hotel Company Limited and certain powers of authority over such shares pursuant to the terms of the HAL Power of Attorney.

### Significant Restrictitons

Cash and bank balances of the Group US\$ 2,053,000 (2017: US\$546,000) 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 ended 31 March 2018

## 15. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings US\$'000	Machinery, facilities and equipment US\$'000	Renovation, furniture and office equipment US\$'000	Motor vehicles US\$'000	Computers US\$'000	Hot air balloons and equipment US\$'000	Construction in- progress US\$'000	Yacht US\$'000	Total US\$'000
<b>Group</b>									
<b>2018</b>									
<i>Cost</i>									
Beginning of financial period	3,150	84	45	620	141	2,086	10,699	–	16,825
Transfer from development properties (Note 13)	–	–	–	–	–	–	6,666	–	6,666
Acquisition of subsidiary incorporations and business [Note 27(c)]	4,125	149	1	4	116	–	–	650	5,045
Additions	469	–	39	215	41	397	2,517	–	3,678
Disposals/write-offs	–	(5)	(31)	(6)	(8)	(542)	–	–	(592)
Reclassification	535	–	–	–	–	–	(535)	–	–
End of financial period	8,279	228	54	833	290	1,941	19,347	650	31,622
<i>Accumulated depreciation</i>									
Beginning of financial period	–	70	45	246	93	994	–	–	1,448
Depreciation charges (Notes 5)	122	20	2	139	55	366	–	5	709
Disposals/write-offs	–	(5)	(31)	(6)	(4)	(541)	–	–	(587)
End of financial period	122	85	16	379	144	819	–	5	1,570
<i>Net book value</i>									
End of financial period	8,157	143	38	454	146	1,122	19,347	645	30,052

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and Buildings US\$'000	Machinery, facilities and equipment US\$'000	Renovation, furniture and office equipment US\$'000	Motor vehicles US\$'000	Computers US\$'000	Hot air balloons and equipment US\$'000	Construction in-progress US\$'000	Total US\$'000
<b>Group</b> (unaudited)								
<b>2017</b>								
<i>Cost</i>								
Beginning of financial period	3,482	84	45	419	123	1,810	7,006	12,969
Additions	7	–	–	201	18	276	4,795	5,297*
Disposals/write-offs	(6)	–	–	–	–	–	–	(6)
Currency translation differences	(333)	–	–	–	–	–	(1,102)	(1,435)
End of financial period	3,150	84	45	620	141	2,086	10,699	16,825
<i>Accumulated depreciation</i>								
Beginning of financial period	4	48	36	146	67	721	–	1,022
Depreciation charge (Note 5)	2	22	9	100	26	273	–	432
Disposals/write-offs	(6)	–	–	–	–	–	–	(6)
End of financial period	–	70	45	246	93	994	–	1,448
<b>Net book value</b>								
<b>End of financial period</b>	3,150	14	–	374	48	1,092	10,699	15,377

\* Included in addition of property, plant and equipment amounted to US\$4,791,000 was the amount payable to a related party which remained unpaid as at 31 March 2017 and subsequently offset as per Master Settlement Agreement disclosed in Note 17.

### Company (unaudited)

Property, plant and equipment as at 31 December 2016 represent the net book value of motor vehicle amounted to US\$217,000 which was disposed of during the financial period ended 31 March 2018 before the completion of reverse acquisition at its carrying amount.

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 16. INTANGIBLE ASSETS

	Group	
	31.3. 2018 US\$'000	31.3.2017 US\$'000 (unaudited)
<b>Composition:</b>		
Air operator certificates (Note a)	261	534
Customer relationship (Note b)	448	—
Goodwill (Note c)	6,282	—
Trademark (Note d)	1,060	—
Brand name (Note e)	63	—
	8,114	534

### (a) Air operator certificates

	Group	
	31.3. 2018 US\$'000	31.3.2017 US\$'000 (unaudited)
<b>Cost</b>		
Beginning of financial period	807	—
Addition	—	807
End of financial period	807	807
<b>Accumulated amortisation</b>		
Beginning of financial period	273	—
Amortisation charge	273	273
End of financial period	546	273
Carrying value	261	534

### (b) Customer relationship

	Group	
	31.3. 2018 US\$'000	31.3.2017 US\$'000 (unaudited)
<b>Cost</b>		
Beginning of financial period	—	—
Acquisition of subsidiary corporations [Note 27(c)]	536	—
End of financial period	536	—
<b>Accumulated amortisation</b>		
Beginning of financial period	—	—
Amortisation charge	88	—
End of financial period	88	—
Carrying value	448	—

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 16. INTANGIBLE ASSETS (CONT'D)

### (c) Goodwill

	Group	
	31.3. 2018 US\$'000	31.3.2017 US\$'000 (unaudited)
Cost		
Beginning of financial period	–	–
Acquisition of subsidiary corporations [Note 27(c)]	6,282	–
End of financial period	6,282	–

### (d) Trademark

	Group	
	31.3. 2018 US\$'000	31.3.2017 US\$'000 (unaudited)
Cost		
Beginning of financial period	–	–
Acquisition of subsidiary corporations [Note 27(c)]	1,060	–
End of financial period	1,060	–

### (e) Brand name

	Group	
	31.3. 2018 US\$'000	31.3.2017 US\$'000 (Unaudited)
Cost		
Beginning of financial period	–	–
Acquisition of subsidiary corporations [Note 27(c)]	63	–
End of financial period	63	–

- (f) Amortisation expense amounting to US\$361,000 (2017: US\$273,000) are included in profit or loss under administrative expenses (Note 5).

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 16. INTANGIBLE ASSETS (CONT'D)

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

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

#### Group

	Services		Hotels		Experiences	
	31.3. 2018	31.3.2017	31.3. 2018	31.3.2017	31.3. 2018	31.3.2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)		(unaudited)		(unaudited)	
Goodwill on business acquisition	5,484	—	537	—	261	—
Trademark	1,060	—	—	—	—	—
Brand	—	—	—	—	63	—

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

Key estimates used for value-in-use calculations:

	Services		Hotels		Experiences	
	31.3. 2018	31.3.2017	31.3. 2018	31.3.2017	31.3. 2018	31.3.2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)		(unaudited)		(unaudited)	
Average budgeted gross margin	20.9%	—	47.8%	—	23.9%	—
Perpetual growth rate	5.0%	—	5.0%	—	5.0%	—
Discount rate	18.7%	—	20.8%	—	29.7%	—

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

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



# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 16. INTANGIBLE ASSETS (CONT'D)

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

Sensitivity analysis

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

	Services 31.3. 2018 US\$'000	Hotels 31.3. 2018 US\$'000	Experiences 31.3. 2018 US\$'000
<b>% above carrying amount</b>			
- CGU (including goodwill)	16	1	NM
- Intangible assets	NM	—	NM
<b>Amount above carrying amount</b>			
- CGU (including goodwill)	1,023	29	1,496
- Intangible assets	6,550	—	1,364

For the services CGU, a further increase in the discount rate by 0.7% or a decrease in perpetual growth rate by 1.1% would result in the recoverable amount of the CGU being equal to its carrying amount.

For the hotels CGU, a further increase in the discount rate by 0.1% or decrease in perpetual growth rate by 0.2% 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.

## 17. TRADE AND OTHER PAYABLES

	Group		Company	
	31.3.2018 US\$'000	31.3.2017 US\$'000	31.3.2018 US\$'000	31.12.2016 US\$'000
	(unaudited)		(restated)	
Current				
Trade payables - Non-related parties	291	—	—	—
Non-trade payables				
– Non-related parties	208	21	62	—
– Subsidiary corporations	—	—	51	—
– Related parties	1,157	2,906	28	—
	1,365	2,927	141	—
Accrued operating expenses	3,354	524	183	325
Other payables – Non-related parties	497	3,333	—	—
	5,507	6,784	324	325

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

In connection with the reverse acquisition, MM Group entered into a Master Settlement Agreement on 19 November 2017 for the settlement of receivables and payables between MM Group and the former immediate holding corporation, Yoma Strategic Investments Ltd. and its subsidiary corporations.

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 18. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts determined after appropriate offsetting, are shown on the statements of financial position as follows:

	Group	
	31.3.2018	31.3.2017
	US\$'000	US\$'000
		(unaudited)
<i>Deferred income tax liabilities</i>		
– To be settled within one year	99	68
– To be settled after one year	646	65
	745	133

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

	Group	
	31.3.2018	31.3.2017
	US\$'000	US\$'000
		(unaudited)
<i>Fair value of air operator certificates</i>		
Beginning of financial period	133	201
Credited to profit or loss	(68)	(68)
End of financial period	65	133

	Group	
	31.3.2018	31.3.2017
	US\$'000	US\$'000
		(unaudited)
<i>Fair value of land and building</i>		
Beginning of financial period	–	–
Acquisition of subsidiary corporations [Note 27(c)]	312	–
Credited to profit or loss	(9)	–
End of financial period	303	–

	Group	
	31.3.2018	31.3.2017
	US\$'000	US\$'000
		(unaudited)
<i>Fair value of intangible assets (customer relationship)</i>		
Beginning of financial period	–	–
Acquisition of subsidiary corporations [Note 27(c)]	399	–
Credited to profit or loss	(22)	–
End of financial period	377	–

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 19. SHARE CAPITAL

	Issued Share Capital	
	No. of	Amount
	Ordinary shares '000	US\$'000
<b>Group</b>		
<b>2018</b>		
As at 1 April 2017 (a)	54,974	39,982
Shares issued for restructuring (b)	14,720	10,800
Reversal of shares on restructuring	(69,694)	–
As of 1 April 2017 (c)	305,983	50,782
Share consolidation (e)	(262,273)	–
Issuance shares pursuant to the reverse acquisition (f)	264,997	9,315
Issuance of placement shares (g)	42,600	8,134
Share issue expense	–	(329)
As at 31 March 2018	351,307	67,902
<b>2017 (unaudited)</b>		
As at 1 April 2016 and 31 March 2017 (a)	54,974	39,982

	Issued Share Capital	
	No. of	Amount
	Ordinary shares '000	US\$'000
<b>Company</b>		
<b>2018</b>		
As at 1 January 2017	305,983	27,781
Currency alignment due to change of functional currency	–	616
Reduction in share capital (d)	–	(20,117)
Share consolidation (e)	(262,273)	–
	43,710	8,280
Issuance of shares pursuant to the reverse acquisition (f)	264,997	52,112
	308,707	60,392
Issuance of placement shares (g)	42,600	8,134
Share issue expense	–	(329)
As at 31 March 2018	351,307	68,197
<b>2017 (restated)</b>		
As at 1 January 2016 and 31 December 2016	305,983	27,781

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

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 19. SHARE CAPITAL (CONT'D)

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) The comparative figures as at 31 March 2017 represent the aggregate amounts of the shares issued for pooling-of-interests method of accounting for the following subsidiary corporations and difference of US\$20,190,000 was taken to merger reserve [Note 20 (b)]:

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

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

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

- (c) The equity structure (i.e. the number and types of equity instruments issued) reflect the equity structure of the Company, being the legal parent, including the equity instruments issued by the Company to reflect the reverse acquisition.
- (d) The Company undertook a capital reduction exercise on 7 December 2017 by way of cash distribution of US\$0.06 per share prior to reduction of the issued and paid-up capital of the Company of US\$28,397,000 to approximately US\$8,280,000 and the completion of the reverse acquisition. The capital reduction exercise did not result in any change in the number of shares of the Company.
- (e) On 26 December 2017, the Company consolidated its every seven existing shares into one new consolidated shares.
- (f) As disclosed in Note 1.3, the Company completed its acquisition of the entire share capital of MM Myanmar by way of the issuance of 264,997,000 new ordinary shares in the Company to the shareholders of MM Myanmar. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of the MM Myanmar became the controlling shareholders of the Company upon completion of the transaction. MM Myanmar is deemed to have issued equity shares as purchase consideration for the assets and liabilities of the Company using the accounting principles in FRS 102 Share-based Payment, as the Company's operation did not constitute a business under FRS 103 Business Combination at the time of completion of the reverse acquisition.

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

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 19. SHARE CAPITAL (CONT'D)

- (f) The identifiable assets of the Company were as follows:

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

The difference between the purchase consideration and identifiable net assets of the Company, amounting to US\$6,327,000 (Note 6), has been recognised in profit or loss as acquisition costs arising from the reverse acquisition incurred by MM Myanmar in accordance with FRS 102 *Share-based Payment*. Cash and cash equivalents of US\$3,107,000 has been recognised as proceeds from reverse acquisition under investing activities in the consolidated statement of cash flows.

In the separate financial statements of the Company, the acquisition costs arising from the reverse acquisition was determined by reference to the issue of 264,977,000 consideration shares at US\$0.197 (equivalent to S\$0.263) per share amounting to US\$52,112,000 (Note 14).

- (g) On 4 January 2018, the Company allotted and issued 42,600,000 ordinary shares ("placement shares") at US\$ 0.191 (equivalent to S\$0.25) per share for cash consideration of US\$8,134,000.

## 20. OTHER RESERVES

	Group		Company	
	31.3.2018 US\$'000	31.3.2017 US\$'000 (unaudited)	31.3.2018 US\$'000	31.12.2016 US\$'000 (restated)
(a) Composition:				
Merger reserve	20,190	20,190	–	–
Currency translation reserve	285	–	47	65
	<u>20,475</u>	<u>20,190</u>	<u>47</u>	<u>65</u>

- (b) Merger reserve represents the differences between the cost of investment recorded at the fair value of the equity shares issued by the Company and the share capital of each of the entity under common control as explained in Note 2.1 and Note 19(a) respectively. This reserve is non-distributable.

- (c) Currency translation reserve

	Group		Company	
	31.3.2018 US\$'000	31.3.2017 US\$'000 (unaudited)	31.3.2018 US\$'000	31.12.2016 US\$'000 (restated)
Movements:				
Beginning of financial period	–	–	65	–
Net currency translation difference of financial statements of foreign subsidiary corporations	285	–	–	–
Net currency translation differences arising from change in presentation currency	–	–	(18)	65
End of financial period	<u>285</u>	<u>–</u>	<u>47</u>	<u>65</u>

Currency translation reserve is non-distributable.



# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 21. (ACCUMULATED LOSSES)/RETAINED PROFITS

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

	Company	
	31.3.2018 US\$'000	31.12.2016 US\$'000 (restated)
Beginning of financial period	(2,465)	(888)
Net loss	(3,099)	(1,577)
End of financial period	(5,564)	(2,465)

## 22. DIVIDENDS

	Group	
	2018 US\$'000	2017 US\$'000 (unaudited)
Ordinary dividends		
– First interim dividends in respect of the financial period then ended of Nil (2017: US\$15,000 per share)	–	3,000
– Second interim dividends in respect of the financial period then ended of Nil (2017:US\$66.67 per share)	–	145
	–	3,145

Dividends declared during the financial period ended 31 March 2017 related to MM Group before the reverse acquisition.

## 23. FINANCIAL RISK MANAGEMENT

### Financial risk factors

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

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

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

### (a) Market risk

#### (i) Currency risk

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

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as United States Dollar ("USD"), Myanmar Kyat ("Kyat") and Singapore Dollar ("SGD"). The Group manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts when they are available. At the reporting date, the Group has not entered into any currency forward contracts.

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 23. FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Market risk (cont'd)

#### (i) Currency risk (cont'd)

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

	USD US\$'000	Kyat US\$'000	SGD US\$'000	Others US\$'000	Total US\$'000
<b>As at 31 March 2018</b>					
<b>Financial assets</b>					
Cash and bank balances	2,290	65	6,680	40	9,075
Trade and other receivables	1,306	852	156	35	2,349
Receivables from subsidiary corporations	14,133	750	3,754	–	18,637
	17,729	1,667	10,590	75	30,061
<b>Financial liabilities</b>					
Trade and other payables	(3,705)	(1,576)	(213)	(13)	(5,507)
Payables to subsidiary corporations	(14,133)	(750)	(3,754)	–	(18,637)
	(17,838)	(2,326)	(3,967)	(13)	(24,144)
<b>Net financial liabilities/ (assets)</b>	(109)	(659)	6,623	62	5,917
Add: Net non-financial assets	22,103	15,776	13	–	37,892
<b>Currency profile Including non-financial assets and liabilities</b>	21,994	15,117	6,636	62	43,809
<b>Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currency</b>	–	(659)	6,623	62	6,026
	USD US\$'000	Kyat US\$'000	SGD US\$'000	Others US\$'000	Total US\$'000
<b>As at 31 March 2017 (unaudited)</b>					
<b>Financial assets</b>					
Cash and bank balances	432	75	–	39	546
Trade and other receivables	6,348	–	–	132	6,480
Receivables from subsidiary corporation	891	–	–	–	891
	7,671	75	–	171	7,917
<b>Financial liabilities</b>					
Trade and other payables	(4,825)	(513)	(1,434)	(12)	(6,784)
Payables to subsidiary corporations	(891)	–	–	–	(891)
	(5,716)	(513)	(1,434)	(12)	(7,675)
<b>Net financial assets/ (liabilities)</b>	1,955	(438)	(1,434)	159	242
Add: Net non-financial assets	22,917	(556)	–	–	22,361
<b>Currency profile Including non-financial assets and liabilities</b>	24,872	(994)	(1,434)	159	22,603
<b>Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currency</b>	–	(438)	(1,434)	159	(1,713)

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 23. FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Market risk (cont'd)

#### (i) Currency risk (cont'd)

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

	<b>Group</b>	
	<b>31.3.2018</b>	<b>31.3.2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
		(unaudited)
<i>Increase/(Decrease)</i>		
Kyat against USD		
– strengthened	(13)	(57)
– weakened	13	57
<i>Increase/(Decrease)</i>		
SGD against USD		
– strengthened	398	(58)
– weakened	(398)	58

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

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

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 23. FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Market risk (cont'd)

#### (i) Currency risk (cont'd)

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	Others US\$'000	Total US\$'000
<b>As at 31 March 2017 (restated)</b>					
<b>Financial assets</b>					
Cash and bank balances	–	–	25,352	–	25,352
Trade and other receivables	–	–	7	–	7
	–	–	25,359	–	25,359
<b>Financial liabilities</b>					
Trade and other payables	–	–	(325)	–	(325)
<b>Net financial assets</b>	–	–	25,034	–	25,034
Add: Net non-financial assets	–	–	217	–	217
<b>Currency profile including non-financial assets and liabilities</b>	–	–	25,251	–	25,251
<b>Currency exposure of financial assets net of those denominated in the Company's functional currency</b>	–	–	25,034	–	25,034

If the Kyat and SGD change against the USD by 2% and 6% (2016: 7% and 15%) 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:

	<b>Company</b>	
	<b>31.3.2018</b>	<b>31.12.2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>
		<b>(restated)</b>
<u>Increase/(Decrease)</u>		
Kyat against USD		
– strengthened	4	–
– weakened	(4)	–
<u>Increase/(Decrease)</u>		
SGD against USD		
– strengthened	619	3,755
– weakened	(619)	(3,755)

#### (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 and liabilities are non-interest bearing.

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 23. FINANCIAL RISK MANAGEMENT (CONT'D)

### (b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash and bank balances and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

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

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

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	31.3.2018 US\$'000	31.3.2017 US\$'000
<u>By geographical area</u>		
Myanmar	29	216
Singapore	4	—
Thailand	9	29
France	43	—
Spain	9	—
Switzerland	50	—
Vietnam	195	—
Others	17	—
	356	245

### (i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with bank with high credit-ratings as determined by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Group.

### (ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	31.3.2018 US\$'000	31.3.2017 US\$'000
Past due less than 3 months	325	239
Past due 3 to 6 months	—	6
	325	245

Management has assessed that no additional allowance for impairment is required for trade receivables past due as there is no indication that these past due trade receivables will default on their payment based on historical transactions with the customers.



# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 23. FINANCIAL RISK MANAGEMENT (CONT'D)

### (b) Credit risk (cont'd)

#### (ii) Financial assets that are past due and/or impaired (cont'd)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	31.03.2018 US\$'000	31.03.2017 US\$'000 (unaudited)
Past due 3 to 6 months	31	6
Less allowance for impairment	(31)	-
	-	6
Beginning of the financial period	-	-
Allowance made (Note 5)	31	-
End of financial period (Note 11)	31	-

The impaired trade receivables arise mainly from sales to a customer who has defaulted in the repayment plan and facing cash flow issues in its operations.

### (c) Liquidity risk

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 rolling forecasts of the cash and bank balances of the Group on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet liquidity ratios.

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.

	Group		Company	
	31.3.2018 US\$'000	31.3.2017 US\$'000 (unaudited)	31.3.2018 US\$'000	31.12.2016 US\$'000 (unaudited)
<b>Less than one year</b>				
Trade and other payables	5,507	6,784	324	325

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 23. FINANCIAL RISK MANAGEMENT (CONT'D)

### (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. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce liabilities.

Management monitors capital based on working capital ratio. The Group's strategies are to maintain a working capital ratio not lower than 1.

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

	Group		Company	
	31.3.2018	31.3.2017	31.3.2018	31.12.2016
	US\$'000	US\$'000	US\$'000	US\$'000
		(unaudited)		(unaudited)
Current assets	12,432	14,032	10,798	25,359
Current liabilities	6,044	7,207	324	325
Working capital ratio	2.06	1.95	33.33	78.03

The Group and the Company is not subject to any externally imposed capital requirements for the financial periods ended 31 March 2018 and 31 March 2017, and 31 March 2018 and 31 December 2016 respectively.

### (e) Fair value measurement

The carrying amount of current receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

### (f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position, except for the following:

	Group		Company	
	31.3.2018	31.3.2017	31.3.2018	31.12.2016
	US\$'000	US\$'000	US\$'000	US\$'000
		(unaudited)		(restated)
Loans and receivables	11,424	7,280	10,785	25,359
Financial liabilities at amortised cost	5,507	7,036	324	325

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 24. 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	
	2018 US\$'000	2017 US\$'000 (unaudited)
Sales and purchases of goods and services and other transactions		
Rental expenses paid/ payable to related parties	21	89
Rendering of hot air balloons service to a related party	2	3
Purchases from a related party	20	—
Project management fee charged by a related party	151	—
Design fee charged by a related party	60	—

Outstanding balances at 31 March 2018 and 2017, arising from sale/purchase of goods and services, are unsecured and receivable/ payable within 12 months from reporting date and are disclosed in Note 11 and Note 17 respectively.

- (b) *Key management personnel compensation*

	Group	
	2018 US\$'000	2017 US\$'000 (unaudited)
Wages, salaries and bonus	418	—
Other short-term benefits	137	—
Employer's contribution to defined contribution plans	2	—
Directors fees	22	—
	579	—

## 25. COMMITMENTS

- (a) *Capital commitments*

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

	Group	
	31.3.2018 US\$'000	31.3.2017 US\$'000 (unaudited)
Property, plant and equipment	3,915	2,944

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 25. COMMITMENTS (CONT'D)

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

The Group leases office space from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	Group	
	31.3.2018 US\$'000	31.3.2017 US\$'000 (unaudited)
Within one year	250	124
Between one and five years	111	57
	361	181

## 26. SEGMENT INFORMATION

Management has determined the operating segment based on the reports reviewed by the Management Team that are used to make strategic decisions. The Management Team comprises the Chief Executive Officer, Chief Operating Officer, Financial Controller and head of each business segment. The Group currently operates only in Myanmar and is organised into business units based on their services as follows:

### (a) Experiences segment

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

The Group, through SLTG, operates a full service commercial hot air balloon business operating under the brand “Balloons over Bagan” in Bagan and Inle Lake area (the “BOB Business”). The BOB Business provides an all-around luxury experience to its customers which includes (i) complimentary pick up from accommodation in converted vintage buses; (ii) pre-flight coffee, tea and refreshments; (iii) a guided interactive tour of the hot air balloon during inflation; (iv) a champagne breakfast upon landing; and (v) issuance of a flight certificate award before sending guests back to their accommodation.

The Group, through Burma Boating, provide a premium cruising experience on luxury yacht operating under the brand “Burma Boating” in the Mergui Archipelago in southern Myanmar (the “BB Business”). The BB Business provides an all-around luxury experience to its customers which includes (i) private charter of the whole yacht; and (ii) join a cruise with other travelers. This reportable segment has been formed by aggregating the sale of merchandise to customers, which are regarded by management to exhibit similar economic characteristics.

### (b) Services segment

The Group services segment provides destination management services (i.e full-scale and customised services in designing and implementing tours) through AHTT under the brand “Asia Holiday”. Such services include (i) designing and preparing fully customised itineraries for tour packages; (ii) organising unique excursions, activities and cultural experiences to cater to specific end-customers’ preferences; (iii) managing tour logistics, including recommending and booking of accommodations, restaurants and transportation; (iv) organising meetings, incentives, travel, conventions and exhibition events; and (v) provision of travel guides of various languages in Myanmar.

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 26. SEGMENT INFORMATION (CONT'D)

### (c) Hotels segment

Under the Hotels Segment, the Group currently owns and operates hotels and lodges through Pun Hlaing Lodge and Hpa An Lodge. The Hpa An Lodge has commenced operations since financial year ended 31 March 2015, while the Pun Hlaing Lodge is currently under construction and is expected to be completed in financial year ending 31 March 2019. The Group operates an integrated tourism platform which allows it to cohesively brand and manage its products and services. This reportable segment has been formed by aggregating the sale of food and beverage to customers, which are regarded by management to exhibit similar economic characteristics.

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

The segment information provided to the Management Team for the reportable segments and reconciliation to consolidated statements of comprehensive income are as follows:

	Myanmar			Singapore	
	Services	Experiences	Hotels	Corporate	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>For the financial period ended 31 March 2018</b>					
<b>Revenue</b>					
Total segment revenue	2,410	6,062	525	–	8,997
Inter-segment revenue	–	(117)	(38)	–	(155)
<b>Revenue from external parties</b>	2,410	5,945	487	–	8,842
Segment results	632	3,300	160	–	4,092
Other income/ (loss), net	50	264	16	(6,259)	(5,929)
Expenses					
Administrative	(649)	(2,784)	(288)	(426)	(4,147)
Distribution and marketing	(82)	(134)	(8)	(16)	(240)
Loss before income tax					(6,224)
Income tax expense					(205)
<b>Net loss</b>					(6,429)
Net loss includes:					
Depreciation of property, plant and equipment	575	12	122	–	709
Amortisation of intangible assets	273	88	–	–	361
Allowance for impairment of trade receivables	31	–	–	–	31
Acquisition cost arising from reverse acquisition	–	–	–	6,327	6,327
<b>Segment assets</b>	2,695	12,322	22,713	12,868	50,598
Additions to:-					
Property, plant and equipment	10	920	2,748	–	3,678
Intangible assets	324	7,080	537	–	7,941
<b>Segment liabilities</b>	1,706	1,887	2,902	294	6,789



# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 26. SEGMENT INFORMATION (CONT'D)

	← Myanmar →			
	Services	Experiences	Hotels	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>For the financial year ended 31 March 2017</b>				
Total segment revenue	–	6,156	–	6,156
Inter-segment revenue	–	–	–	–
<b>Revenue from external parties</b>	<b>–</b>	<b>6,156</b>	<b>–</b>	<b>6,156</b>
Segment results	–	3,658	–	3,658
Other income, net	–	329	–	329
Expenses				
-Administrative	–	(2,496)	(24)	(2,520)
-Distribution and marketing	–	(46)	–	(46)
Profit before income tax				1,421
Income tax expense				(383)
<b>Net profit</b>				<b>1,038</b>
Net profit includes:				
– Depreciation of property, plant and equipment	–	432	–	432
– Amortisation of Intangible assets	–	273	–	273
<b>Segment assets</b>	<b>–</b>	<b>16,914</b>	<b>13,029</b>	<b>29,943</b>
Additions to:-				
Property, plant and equipment	–	502	4,795	5,297
<b>Segment liabilities</b>	<b>–</b>	<b>7,287</b>	<b>53</b>	<b>7,340</b>

The revenue from external parties reported to the Management Team is measured in a manner consistent with that in the statement of comprehensive income.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with non-related parties.

The Management Team assesses the performance of the operating segments based on segment results which represent the gross profit earned by each segment.

All non-current assets of the Group are located in Myanmar.

Revenue from major products and services are as disclosed in Note 4. There is no revenue derived from any customer which accounted for 10 per cent or more of the Group's total revenue.

## 27. BUSINESS COMBINATIONS

As disclosed in Note 1.2, MM Myanmar has on 17 August 2017 (date of acquisition), completed the acquisition of AHTT and TLH through issuance of 8,384,738 and 6,335,580 new ordinary shares to the shareholders of AHTT and TLH or their nominees respectively.

The transfers of the issued and paid-up share capital and/or acquisition of the economic interests in the shares of AHTT and TLH for fair value of purchase consideration of approximately US\$6,152,000 and US\$4,649,000 respectively are accounted for using acquisition method in accordance with FRS 103 Business Combinations.

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 27. BUSINESS COMBINATIONS (CONT'D)

To further expand the portfolio, MM Myanmar entered into an agreement to acquire Burma Boating Business ("BB Business") on 28 February 2018 (date of acquisition). The acquisition of BB business including the tangible assets, as well as existing contracts and bookings, for cash consideration of approximately US\$974,000. The acquisition of BB is accounted for using acquisition method in accordance with FRS 103 *Business Combinations*.

As at 31 March 2018, the Group completed the Purchase Price Allocation to fair value the identifiable assets acquired and liabilities and contingent liabilities assumed from the acquisition of AHTT, TLH and BB.

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: -

	AHTT US\$'000	TLH US\$'000	BB US\$'000	Total US\$'000
<b>(a) Purchase consideration</b>				
Considerations transferred for the businesses,				
Total cash paid	—	—	974	974
Total shares issued <sup>(1)</sup>	6,152	4,648	—	10,800
<b>(b) Effect on cash flows of the Group</b>				
Total cash paid	—	—	974	974
Less: Cash and bank balances in subsidiary corporation acquired	(31)	(118)	—	(149)
Cash (inflow)/outflow on acquisitions	(31)	(118)	974	825

<sup>(1)</sup> In relation to the restructuring exercise, 8,384,000 shares and 6,335,000 shares were issued as consideration for acquisition of AHTT and TLH respectively. Fair value per share derived by sum-of-parts approach in determining the fair market value of the acquired business was US\$0.73 per share.

	AHTT At fair value US\$'000	TLH At fair value US\$'000	BB At fair value US\$'000	Total At fair value US\$'000
<b>(c) Identifiable assets acquired and liabilities assumed</b>				
Cash and bank balances	31	118	—	149
Trade and other receivables	738	12	—	750
Property, plant and equipment (Note 15)	35	4,360 <sup>(1)</sup>	650 <sup>(3)</sup>	5,045
Trademarks, brand and customer relationship (included in intangible assets) (Note 16) <sup>(2)</sup>	1,596	—	63	1,659
Inventories (Note f)	22	17	—	39
Total assets	2,422	4,507	713	7,642
Trade and other payables	421	84	—	505
Current tax liabilities	934	—	—	934
Deferred income tax (Note 18)	399	312	—	711
Total liabilities	1,754	396	—	2,150
<b>Total identifiable net assets</b>	668	4,111	713	5,492
Add: Goodwill [Note 16 (c)]	5,484	537	261	6,282
Considerations transferred for the businesses, represent total shares issued/cash paid	6,152	4,648	974	11,774

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 27. BUSINESS COMBINATIONS (CONT'D)

### (c) Identifiable assets acquired and liabilities assumed (cont'd)

- (1) Fair value of property, plant and equipment of TLH is determined based on the estimated net earnings for the remaining lease term of 29 years, discounted using cost of fund of 13% per annum stipulated by the Central Bank of Myanmar.
- (2) Customer relationship is estimated using multi-period excess earning method on the basis that the fair value of the customer relationship is equal to the present value of the after-tax cash flows after deducting the appropriate contributory asset charges at useful lives of 5 years. Trademark and brand, are estimated using relief from royalty method and royalty rate as estimated by reference to actual licensing agreements of similar intellectual property or by reference to a general empirical rule of thumb.
- (3) Fair value of property, plant and equipment of BB is determined by an independent value based on market 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 risk 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\$738,000 and US\$12,000 for AHTT and TLH respectively, represent gross amounts receivables. None of the trade and other receivables was expected to be uncollected at the acquisition date.

### (f) Inventories

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

### (g) Revenue and profit/(loss) contribution

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

	AHTT US\$'000	TLH US\$'000	BB US\$'000	Total US\$'000
Revenue	2,410	525	33	2,968
Net profit/(loss)	(184)	41	(69)	212

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

## 28. CONTINGENT LIABILITIES

The Company has provided letters of financial support for some of its subsidiary corporations to enable these subsidiary corporations to operate as going concerns and to meet their liabilities as and when they fall due. No liabilities are recognised in the statement of financial position of the Company as it is considered unlikely that there will be significant outflows of resources made by the Company as result of the financial support provided by the Company.

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 29. EVENTS OCCURRING AFTER REPORTING DATE

- (a) On 4 April 2018, the Company awarded 1,000,000 ordinary shares under the Memories Performance Share Plan (“PSP”) to Mr. Georges Michel Novatin (Executive Director and Chief Executive Officer of the Group). The release of these shares is subject to the achievement of certain pre-determined performance conditions as determined by the Remuneration Committee or otherwise in accordance with the rules of the Memories PSP. The shares will vest in two tranches from 01 April 2019 to 01 April 2020. The Awards will be accounted for as share-based payment in accordance with FRS 102 – Share-based Payment.
- (b) On 30 May 2018, the Company acquired Kayah resort for a purchase consideration of US\$2.9 million from Wa Minn Group of Companies Company Limited (“Wa Minn Group”) and U Kun Naung Myint Wai. The purchase will be funded by a cash consideration of US\$1.45 million to be paid to the Wa Minn Group and the issuance of 7,782,280 new ordinary shares of the Company at S\$0.25 per share to U Kun Naung Nyint Wai as the purchase consideration of the acquisition. Payments of the Cash Consideration and issuances of the Consideration shares will be made in tranches upon the satisfaction of the prescribe condition precedent and conditions subsequent. At the date of acquisition, payment of US\$725,000 was paid. The allotment of 3,890,640 new ordinary shares were allotted and issued on 7 June 2018.
- (c) On 30 May 2018, the Company’s wholly-owned subsidiary corporation, MM (HAL) Pte Ltd, incorporated a new company, Keinara Loikaw Company Limited, with an issued and paid-up share capital of US\$25,000 comprising 25,000 ordinary shares of US\$1.00 each. Keinara Loikaw Company Limited is incorporated for the purpose of holding the newly acquired Kayah Resort in Myanmar.

## 30. COMPARATIVE NUMBERS

The consolidated financial statements of the Group for the financial period ended 31 March 2017 (“comparative numbers”) are that of MM Myanmar and its subsidiary corporations (i.e. the entities with interest in the “Balloons over Bagan” business, the Bagan Land business and the Pun Hlaing Lodge business) which were presented using the merger accounting as MM Myanmar and its subsidiary corporations were considered to be under common control before and after internal restructuring which was completed on August 2017.

No audited report was issued in respect of the comparative numbers as MM Myanmar was incorporated in December 2016 with its first set of financial statements being the financial period ended 31 March 2018. Management is responsible for the preparation of the comparative numbers that give a true and fair view in accordance with the provisions of the Act and FRSs. We have audited the comparative numbers as part our audit of the consolidated financial statements of the Group for the financial period ended 31 March 2018.

## 31. NEW ACCOUNTING STANDARDS AND INTERPRETATION

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group’s accounting periods ending on 31 March 2019 or later periods which the Group has not early adopted:

### Effective for annual periods beginning on or after 1 January 2018

- FRS 109 (*Financial Instruments*)
- FRS 115 (*Revenue from Contracts with Customers*)
- Amendments to FRS 40 (*Transfers of Investment Property*)
- Amendments to FRS 101 (*First-Time Adoption of Financial Reporting Standards*)
- Amendments to FRS 102 (*Classification and Measurement of Share-based Payment Transactions*)
- Amendments to FRS 115 (*Clarifications to FRS 115 Revenue from Contracts with Customers*)
- INT FRS 122 (*Foreign Currency Transactions and Advance Consideration*)

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 31. NEW ACCOUNTING STANDARDS AND INTERPRETATION (CONT'D)

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

- FRS 116 (*Leases*)
- Amendments to FRS 109 (*Prepayment Features with Negative Compensation*)
- INT FRS 123 (*Uncertainty over Income Tax Treatment*)
- Amendments to FRS 103 *Business Combinations*
- Amendments to FRS 12 *Income Taxes*
- Amendments to FRS 111 *Joint Arrangements*
- Amendments to FRS 23 *Borrowing Costs*
- Amendments to FRS 28 *Long-Term Interest in Associate and Joint venture*

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

- FRS 117 (*Insurance contracts Illustrative Examples*)

### Effective date of these Amendments had been revised from 1 January 2018 to a date to be determined by ASC

- Amendments to FRS 110 (*Consolidated Financial Statements*) and FRS 28 (*Investments in Associates and Joint Venture*) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the consolidated financial statements of the Group in the period of their initial adoption except for the following:

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

This is the converged standard on revenue recognition. It replaces FRS 11 *Construction contracts*, FRS 18 *Revenue*, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's consolidated financial statements. The Group will make more detailed assessment of the impact over the next twelve months.

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

FRS 109 replaces FRS 39 *Financial instruments: Recognition and Measurement* and its relevant interpretations. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.



# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 31. NEW ACCOUNTING STANDARDS AND INTERPRETATION (CONT'D)

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018) (cont'd)

The Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised

Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial asset. Management will consider whether a lifetime or 12-month expected credit losses on financial assets should be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets from initial recognition to the date of initial application of FRS 109. Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as management has yet to complete its detailed assessment.

- INT FRS 122 *Foreign Currency Transactions and Advance Considerations* (effective for annual periods beginning on or after 1 January 2018)

INT FRS 122 *Foreign Currency Transactions and Advance Considerations* considers how to determine the date of the transactions when applying the standard on foreign currency transactions, FRS 21 *The Effect of Changes in Foreign Exchange Rate*. The Interpretation applies where the Group either pays or receives consideration in advance for foreign currency-denominated contracts.

The Group does not expect a material impact on the financial statement upon adoption of the Interpretation.

- FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The Group is required to adopt a new accounting framework from 1 April 2018 (Note 44). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent these commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

- INT FRS 123: *Uncertainty over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019)

INT FRS 123 clarifies how to apply the recognition and measurement requirements in FRS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in FRS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

# Notes to the Financial Statements

For the financial period ended 31 March 2018

## 32. ADOPTION OF SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The new framework is referred to as ‘Singapore IFRS-identical Financial Reporting Standards’ (“SFRS(I)”) hereinafter. As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 April 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ended 30 June 2018 in July 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS. The Group will also concurrently apply new major SFRS(I) equivalents of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The estimated impact arising from the adoption of SFRS(I) on the Group’s financial statements are set out as follows:

### (a) Application of SFRS(I) equivalent of IFRS 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 March 2019), subject to the mandatory exceptions and optional exemptions under IFRS 1. Management has assessed these optional exemptions and decided not to elect the relevant optional exemptions, as such there will be no significant adjustments to the Group’s financial statements prepared under SFRS.

### (b) Adoption of SFRS(I) equivalent of IFRS 9

The Group plans to elect to apply the short-term exemption under IFRS 1 to adopt SFRS(I) equivalent to IFRS 9 on 1 April 2018. Accordingly, the requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 March 2018.

#### *Impairment of financial assets*

The Group’s financial assets, trade receivables will be subject to the expected credit loss impairment model under the SFRS(I) equivalent IFRS 9. Based on the Group’s initial assessment, the Group does not expect any significant adjustments on adoption of IFRS 9.

### (c) Adoption of SFRS(I) equivalent of IFRS 15

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt IFRS 15 in its financial statements for the year ending 31 March 2019. Based on the Group’s initial assessment, the Group does not expect any significant adjustments on adoption of IFRS 15.

# Shareholding Statistics

As at 19 June 2018

Number of Shares in Issue:	355,197,822
Number of Shareholders:	2,651
Class of Shares:	Ordinary Shares
Subsidiary Holding:	Nil
Treasury Shares:	Nil
Voting Rights:	One vote per ordinary share

## BREAKDOWN OF SHAREHOLDINGS BY RANGE

Size Of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 - 99	51	1.92	1,039	0.00
100 - 1,000	1,786	67.37	537,061	0.15
1,001 - 10,000	650	24.52	2,186,826	0.62
10,001 - 1,000,000	154	5.81	7,969,900	2.24
1,000,001 AND ABOVE	10	0.38	344,502,996	96.99
<b>TOTAL</b>	<b>2,651</b>	<b>100.00</b>	<b>355,197,822</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital
1	YOMA STRATEGIC INVESTMENTS LTD.	167,078,848	47.04
2	FIRST MYANMAR INVESTMENT COMPANY LIMITED	41,947,426	11.81
3	ACE PAN-ASIA OPPORTUNITIES SPC	41,131,520	11.58
4	PHILLIP SECURITIES PTE LTD	39,427,838	11.10
5	SHC CAPITAL HOLDINGS PTE LTD	35,662,759	10.04
6	CITIBANK NOMINEES SINGAPORE PTE LTD	23,774,497	6.69
7	JEAN-MICHEL ALAIN ROMON	7,439,271	2.09
8	U KUN NAUNG MYINT WAI	3,890,640	1.10
9	HSBC (SINGAPORE) NOMINEES PTE LTD	2,893,400	0.81
10	DBS NOMINEES PTE LTD	1,942,481	0.55
11	PIAK BOON SENG	773,514	0.22
12	MAYBANK KIM ENG SECURITIES PTE LTD	346,002	0.10
13	LAM SOON REALTY PTE LTD	334,714	0.09
14	OCBC SECURITIES PRIVATE LTD	323,268	0.09
15	KOH CHIN HWA	320,000	0.09
16	GOH YEN LOONG SHAUN (WU YANLONG)	303,100	0.09
17	RAMESH S/O PRITAMDAS CHANDIRAMANI	267,000	0.07
18	CRICHTON GREGORY ROBERT SCOTT	264,285	0.07
19	FORTE CAPITAL MANAGEMENT PTE LTD	250,000	0.07
20	CGS-CIMB SECURITIES (S) PTE. LTD.	243,751	0.07
<b>TOTAL</b>		<b>347,928,630</b>	<b>97.95</b>

# Shareholding Statistics

As at 19 June 2018

## SUBSTANTIAL SHAREHOLDERS

Based on the Register of Substantial Shareholders maintained by the Company as at 19 June 2018, the direct and deemed interests of each Substantial Shareholder are as follows:-

	Direct Interest		Deemed Interest	
	No. Of Shares	% of Issued Share Capital	No. Of Shares	% of Issued Share Capital
MR. SERGE PUN <sup>(1)</sup>	—	—	209,026,274	58.85
YOMA STRATEGIC HOLDINGS LTD. <sup>(2)</sup>	—	—	167,078,848	47.04
YOMA STRATEGIC INVESTMENTS LTD.	167,078,848	47.04	—	—
YANGON LAND COMPANY LIMITED <sup>(3)</sup>	—	—	41,947,426	11.81
FIRST MYANMAR INVESTMENT COMPANY LIMITED	41,947,426	11.81	—	—
ACE-PAN ASIA OPPORTUNITIES SPC	41,131,520	11.58	—	—
SHC CAPITAL HOLDINGS PTE. LTD.	35,662,759	10.04	—	—
SEE HOY CHAN SDN. BERHAD <sup>(4)</sup>	—	—	35,662,759	10.04
MR. TEO SOO CHEW <sup>(5)</sup>	—	—	35,662,759	10.04
MR. TEO SOO KIAT <sup>(5)</sup>	—	—	35,662,759	10.04
MR. TEO CHIANG KAI <sup>(5)</sup>	—	—	35,662,759	10.04

### Notes:

- <sup>(1)</sup> Mr. Serge Pun holds an aggregate (both direct and deemed) is deemed interested in (a) 47.04% shareholding interest in Yoma Strategic Holdings Ltd. (“YSH”), which owns the entire shareholding in Yoma Strategic Investments Ltd (“YSIL”); and (b) approximately 11.81% shareholding interests in First Myanmar Investment Company Limited (“FMI”).
- <sup>(2)</sup> YSH is deemed interested in the 167,078,848 Shares held by YSIL arising from its 100.00% interest in YSIL.
- <sup>(3)</sup> Yangon Land Company Limited is deemed interested in the 41,947,426 Shares held by FMI arising from its 51.00% interest in FMI.
- <sup>(4)</sup> See Hoy Chan Sdn. Berhad (“SHCSB”) is deemed interested in the 35,662,759 Shares held by SHC Capital Holdings Pte. Ltd. (“SHCCHPL”) arising from its 100% interest in SHCCHPL.
- <sup>(5)</sup> Messrs Teo Soo Chew, Teo Soo Kiat and Teo Chiang Khai are deemed to be interested in the Shares held by SHCCHPL by virtue of their respective interests in SHCSB.

## PUBLIC FLOAT

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 19 June 2018, approximately 19.5% 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 held at The Straits Room, Level Four, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178 on 25 July 2018 at 2 p.m. to transact the following business:-

## A. ORDINARY BUSINESS

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

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2018 together with the Independent Auditor’s Report thereon.  
**(Resolution 1)**
2. To approve the payment of Directors’ fees of S\$28,744 payable by the Company for the financial year ended 31 March 2018.  
**(Resolution 2)**
3. To approve the payment of Directors’ fees of up to S\$120,000 payable by the Company for the financial year ending 31 March 2019.  
*(See Explanatory Note 1)*  
**(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 2)*  
**(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 3)*  
**(Resolution 5)**
6. To re-appoint Nexia TS Public Accounting Corporation as Independent Auditor of the Company for the financial year ending 31 March 2019 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 (the “**Directors**”) be and are hereby authorised and empowered to allot and issue:
  - (i) shares in the capital of the Company (“**shares**”); or
  - (ii) convertible securities; or
  - (iii) additional convertible securities issued pursuant to adjustments; or
  - (iv) shares arising from the conversion of the securities in (ii) and (iii) above,



# Notice of Annual General Meeting

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

provided that:

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

(See Explanatory Note 4)

**(Resolution 7)**

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 10 July 2018 (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;

# Notice of Annual General Meeting

- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any 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 5)*

**(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 6)*

**(Resolution 9)**

## 10. TO TRANSACT ANY OTHER ORDINARY BUSINESS.

BY ORDER OF THE BOARD

Loo Hwee Fang  
Shawn Chan Changyun  
Joint Company Secretaries

Singapore  
10 July 2018

### Explanatory Notes:-

- 1. 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 April 2018 to 31 March 2019. The amount of Directors' fees is computed based on the anticipated number of Board and Board Committee meetings.
- 2. Mr. Basil Chan, when re-elected, will be considered a Non-Executive Independent Director, and Lead Independent Director. He will remain as the Chairman of the Audit and Nominating Committees, and a member of the Remuneration Committee.

The Board of Directors (save for Mr. Basil Chan) considers him independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

There are no relationships (including immediate family relationships) between Mr. Basil Chan and the other Directors, the Company or its 10% shareholders. Please refer to the section "Board of Directors" in the Company's Annual Report 2018 for the profile of Mr. Basil Chan.

- 3. Mr. Tun Tun, when re-elected, will be considered a Non-Executive Director. He will remain as as member of the Audit Committee.

The Board of Directors (save for Mr. Tun Tun) considers him non-independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Mr. Tun Tun is a Director of First Myanmar Company Limited, a substantial shareholder of the Company and sits on the boards of some entities together with the Executive Chairman. Please refer to the section "Board of Directors" in the Company's Annual Report 2018 for the profile of Mr. Tun Tun.

# Notice of Annual General Meeting

4. 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 is to be held or is required by law to be held, whichever is the earlier, to issue and allot shares in the capital of the Company and/or convertible securities, up to a number not exceeding one hundred per cent. (100%) of the total number of issued shares on a pro rata basis, of which up to fifty per cent. (50%) of the total number of issued shares may be issued other than on a pro rata basis to shareholders.
5. Ordinary Resolution 8 proposed above, if passed, will renew the existing shareholders' mandate that was approved by shareholders on 18 December 2017 to allow the Group to enter into certain interested person transactions with those classes of interested persons as described in the Addendum.
6. 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.

## Proxies:

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

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

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

## Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**MEMORIES GROUP LIMITED**  
(Company Registration No. 201201631D)  
(Incorporated in the Republic of Singapore)

**PROXY FORM**  
**ANNUAL GENERAL MEETING**

**IMPORTANT:**

1. Relevant intermediaries as defined in Section 181 of the Companies Act (Cap. 50) of Singapore may appoint more than two proxies to attend and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy Memories Group Limited's shares, this Annual Report is forwarded to them at the request of the CPF/SRS Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their Agent Banks if they have any queries regarding their appointment as proxies.

**PERSONAL DATA PRIVACY**

4. By submitting an instrument appointing proxy or proxies and/or representative(s), a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 July 2018.

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No.)  
of \_\_\_\_\_ (Address)

being a \*member/members of MEMORIES GROUP LIMITED (the “Company”), hereby appoint:

Name	Address	NRIC/Passport No.	No. of Shares	Proportion of Shareholdings (%)

and/or (delete as appropriate)

--	--	--	--	--

or failing whom, the Chairman of the Annual General Meeting (the “AGM”) as \*my/our \*proxy/proxies to attend, speak and vote on \*my/our behalf at the AGM to be held at The Straits Room, Level Four, The Fullerton Hotel at 1 Fullerton Square, Singapore 049178 on 25 July 2018 at 2 p.m., and at any adjournment thereof in the following manner as specified below. \*My/our \*proxy/proxies may vote or abstain from voting at \*his/their discretion on any of the resolutions where \*i/we have not specified any voting instruction, and on any other matter arising at the AGM.

**NOTE:** If you wish to exercise 100% of your votes **For** or **Against** a resolution, please tick with “√” in the corresponding box against that resolution. If you wish to split your votes, please indicate the number of votes **For** and/or **Against** that resolution.

No.	Resolutions	For	Against
<b>A</b>	<b>ORDINARY RESOLUTIONS</b>		
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2018 and the Independent Auditor's Report		
2	Approval of Directors' fees for the financial year ended 31 March 2018		
3	Approval of Directors' fees for the financial year ending 31 March 2019		
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>B</b>	<b>SPECIAL BUSINESS</b>		
7	Authority to issue and allot shares pursuant to the share issue mandate		
8	Renewal of the Shareholders' Mandate for Interested Person Transactions		
9	Authority to issue and allot shares pursuant to the Memories PSP		

\*Delete accordingly.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

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

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

**IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM**

## NOTES:

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

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

- 2 A proxy need not be a member of the Company.
- 3 Please insert the total number of shares held by you. If you have entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap 289)), you should insert that number of shares. If you have shares registered in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by you.

Fold along dotted lines

Affix  
Postage  
Stamp

The Company Secretary  
**Memories Group Limited**  
78 Shenton Way  
#32-00  
Singapore 079120

Fold along dotted lines

- 4 This form of proxy must be signed by the appointor or his attorney duly authorised 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 authorised officer. The power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority shall be lodged with the form of proxy, failing which, the person so named shall not be entitled to vote in respect thereof.
- 5 A corporation which is a member may authorised by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the annual general meeting in accordance with its Constitution and Section 179 of the Companies Act (Cap. 50) of Singapore.
- 6 Completion and return of this form of proxy shall not preclude a member from attending and voting at the annual general meeting. Any appointment or a proxy or proxies shall be deemed to be revoked if a member attends the annual general meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this form of proxy to the annual general meeting.
- 7 This form of proxy must be deposited at the Company's registered office at 78 Shenton Way, #32-00, Singapore 079120, not less than forty-eight (48) hours before the time set for the annual general meeting.
- 8 The Company shall be entitled to reject the form of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the form of proxy (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any form of proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time set for holding the annual general meeting, as certified by the Central Depository (Pte) Limited to the Company.



# Corporate Information

## BOARD OF DIRECTORS

**Mr. Serge Pun @ Theim Wai**  
(Executive Chairman)

**Mr. Georges Michel Novatin**  
(Chief Executive Officer and Executive Director)

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

**Mr. Basil Chan**  
(Lead Independent Director)

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

**Ms. Judy Chan**  
(Non-Executive Independent Director)

## AUDIT 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**  
**Ms. Judy Chan**

## COMPANY SECRETARIES

**Ms. Loo Hwee Fang**  
**Mr. Shawn Chan Changyun**

## COMPANY REGISTRATION NUMBER

201201631D

## REGISTERED OFFICE

78 Shenton Way  
#32-00  
Singapore 079120  
Tel : (65) 6223 2262  
Fax : (65) 6223 1990

## 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  
[www.memoriesgroup.com](http://www.memoriesgroup.com)

## INDEPENDENT AUDITOR

**Nexia TS Public Accounting Corporation**  
100 Beach Road  
#30-00 Shaw Tower  
Singapore 189702

**Ms. Meriana Ang Mei Ling**  
Director-in-charge  
(Appointed with effect from financial year ended 31 March 2018)

## PRINCIPAL BANKER OF THE GROUP

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

---

**MYANMAR**  
*Explore, Embrace, Experience*

---

Memories Group Limited  
**Annual Report 2018**

78 Shenton Way #32-00  
Singapore 079120  
Tel : (65) 6223 2262  
Fax : (65) 6223 1990

[www.memoriesgroup.com](http://www.memoriesgroup.com)

