

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board”) of Singapore Myanmar Investco Limited (“SMI” and together with its subsidiaries, the “Group”) is committed to comply with the principles and guidelines of the Code of Corporate Governance (the “Code”) issued by the Monetary Authority of Singapore on 2 May 2012. SMI believes that good corporate governance is essential in building a sound corporation with an ethical environment, thereby protecting the interests of all shareholders.

This Corporate Governance Report sets out SMI’s corporate governance practices. The Board confirms that, for the financial year ended 31 March 2019 (“FY2019”), SMI has generally adhered to the principles and guidelines set out in the Code, except where otherwise stated. Where there have been deviations from the Code, SMI has sought to provide an appropriate explanation for each deviation in this Corporate Governance Report. SMI will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time, to ensure compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The new Code of Corporate Governance 2018 was issued on 6 August 2018 (the “Revised Code”), and will only take effect for annual reports covering financial years commencing from 1 January 2019. As such, the Revised Code will not affect the Company’s latest financial year ended 31 March 2019, and accordingly, SMI will only make reference to the Code in reviewing and implementing its corporate governance structures and practices.

A. BOARD MATTERS

Principle 1: Board’s Conduct of Affairs

Board’s Leadership and Control

The primary function of the Board is to provide effective leadership and direction to enhance the long term value of the Group to its shareholders and other stakeholders. The Board assumes responsibility for the Group’s overall strategic plans and performance objectives, key operational initiatives, major funding and investment proposals, financial performance reviews, compliance and accountability systems and corporate governance practices.

The Board oversees the business performance and affairs of the Group. The Board leads, directs and works closely with Management, to ensure alignment of interests of the Board and Management with that of the shareholders, so as to achieve the long-term sustainable success of the various businesses of the Group.

The Board has established a framework on authorisation and approval limits for capital and operating expenditure, as well as specified transactions including acquisitions and disposals of investments, procurement of goods and services, bank facilities and cheque signatories. Within this framework, the Board has set relevant authority and approval sub-limits for delegation to various Management levels to optimise operational efficiency.

Material items that require Board’s decision or approval include:

- corporate strategy and business plans;
- investment and divestment proposals;
- capital structure and funding decisions of the Group;
- nominations of Directors for appointment to the Board and appointment of the Group CEO;
- announcement of interim and full-year financial reports and the annual report;
- material acquisitions and disposals of assets;
- all matters of strategic importance;
- corporate governance; and
- interested person transactions.

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Board Committees

The Board has constituted the following Board Committees to assist the Board in the discharge of its functions:

- the Audit Committee ("AC");
- the Nominating Committee ("NC"); and
- the Remuneration Committee ("RC").

The composition of the Board Committees and their specific responsibilities and authority are set out in the relevant sections of this Report. These Committees play an important role in ensuring good corporate governance in SMI and within the Group. The Board also delegates certain of its functions to these Committees, which would make recommendations to the Board. Each Board Committee is required to operate and make decisions on matters within its Terms of Reference which are reviewed on a regular basis to ensure their continued relevance. The Board accepts that while these various board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Board Meetings

For FY2019, the Board held a total of 5 meetings to review the financial performance and to update the Board on significant business activities and overall business environment. Throughout the financial year, as and when deemed necessary by the Board, additional Board meetings may be convened to consider urgent proposals or matters that require the Board's review and approval.

The Constitution of SMI (the "Constitution") allows board meetings to be conducted by means of telephone conference or other methods of simultaneous communication by electronic or other communication facilities. When a physical board meeting is not possible, the Board can communicate through electronic means or via circulation of written resolutions for approval.

A summary of the number of Board and Board Committee meetings held in FY2019 and the attendance of the Directors at these meetings is set out in the table below:

Directors' attendance at Board and board committee meetings during FY2019

Directors	Board Meetings	Board Committee Meetings		
		AC	NC	RC
Number of Meetings held	5	4	1	1
Ho Kwok Wai	5	n.a.	n.a.	n.a.
Fong Sing Chak Jack	5	4	1	1
Wong Yen Siang	5	4	1	1
Wee Sung Leng	5	4	1	1
Mark Francis Bedingham	5	n.a.	n.a.	n.a.

n.a. – not a member

Induction and training of Directors

Briefings are conducted by Management for the newly-appointed Directors to familiarise with the Group's business activities, strategic directions, financials, policies, governance practices, corporate culture as well as key regulatory, legal and industry developments which affect the Group. There are also orientation programs tailored to familiarise newly appointed Directors with the role and responsibilities of a Director of a public company in Singapore.

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Upon the appointment of a new Director, SMI would issue a formal letter of appointment setting out the statutory and other duties and obligations of the Director.

All Directors are encouraged to keep themselves updated on changes to the financial, legal and regulatory as well as corporate governance requirements, framework and the business environment through reading relevant literature and attending appropriate seminars and courses conducted by bodies such as SGX-ST and Singapore Institute of Directors ("SID").

In addition, the Company Secretary and members of Senior Management also provide regular updates to the Directors during Board meetings and through emails on key legal, regulatory, industry and accounting changes which affect the Group. Such new releases issued which are relevant to the Directors are circulated to the Board.

The Directors are free to conduct independent or collective discussions with Management and subject matter experts on any area of interest or concern.

In May 2018, two of the Independent Directors, Fong Sing Chak Jack and Wee Sung Leng, visited Yangon to meet with key operational managers and visited the site operations. This helped them better understand the operating environment, issues and challenges faced by the Group.

Principle 2: Board Composition and Guidance

Strong and Independent Element on the Board

Board size and board composition

The Board comprises five Directors, three of whom are Independent Directors. The Directors at the date of this report are as follows:-

Name of Directors	Board of Directors	Date of Appointment	Date of last re-election	AC	NC	RC	Present Directorship in other Listed Companies
Ho Kwok Wai	Non-Executive Director and Chairman	6 November 2013	31 July 2018	–	–	–	Nil
Mark Francis Bedingham	Executive Director, President and Chief Executive Officer	23 January 2015	25 July 2017	–	–	–	Nil
Wong Yen Siang	Lead Independent Director	15 July 2005	25 July 2017	Chairman	Member	Member	Nil
Wee Sung Leng	Independent Director	6 November 2013	26 July 2016	Member	Chairman	Chairman	Independent Non-Executive Director of Combine Will International Holdings Limited (listed on SGX)
Fong Sing Chak Jack	Independent Director	6 November 2013	31 July 2018	Member	Member	Member	Independent Non-Executive Director of ICO Group Limited (listed on HKEx)

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The Board, through the NC, annually examines its size and composition of the Board and Board Committees and the skills and core competencies of its members to ensure an appropriate balance of skills and experience. These competencies include banking, accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management. The NC believes that there is an appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective of issues that are brought before the Board; and no individual or small group of individuals dominates the Board's decision-making process. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

Given the scope and nature of the Group's operations, the Board is of the view that its current size of 5 is conducive and facilitates effective decision-making. In this regard, the Board has also taken into account the complexity and requirement of the Group's businesses. The Directors' academic and professional qualifications are presented in pages 20 to 21 of the Annual Report.

Directors' independence review

The Board, taking into account the views of the NC, assesses the independence of each Director annually and as and when the circumstances require whether or not a director is independent, in accordance with the guidance in the Code. A Director is considered independent if he has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of SMI which could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgement in the best interests of the Group.

After taking into account the views of the NC, all the Directors on the Board are considered by the NC and the Board to be Independent Directors except the following:

Name of Directors	Reasons for non-independence
Ho Kwok Wai	Ho Kwok Wai is deemed not independent as he holds more than 10% of SMI's voting shares.
Mark Francis Bedingham	As President and CEO of the Group, Mark Francis Bedingham is employed by the Group

The Board also recognises that independent directors may over time develop significant insights in the Group's businesses and operations and can continue to provide significant and valuable contribution objectively to the Board as a whole. When there are such directors, the Board will do a rigorous review of their continuing contribution and independence and may exercise its discretion to extend the tenures of these directors. Presently, Wong Yen Siang has served on the Board for more than nine years from the date of his first appointment in 2005. The Board has subjected his independence to a particularly rigorous review.

Taking into account the views of the NC, the Board concurs that Wong Yen Siang continues to demonstrate strong independence in character and judgement in the discharge of his responsibilities as a Director of SMI. He has continued to express his individual viewpoints, debate issues and objectively scrutinise and challenge Management. He has sought clarification as he required, including through direct access to the Group's employees.

Further, there was a significant change in the Board with the appointment of Ho Kwok Wai as the Chairman in 2013 and Mark Francis Bedingham as President and CEO in 2015. In addition, there has been significant change to the ownership of SMI and change in the businesses of the Group. After taking into account these factors, the Board had determined Wong Yen Siang continues to be considered an Independent Director, notwithstanding he has served on the Board for more than nine years from the date of his appointment.

The Independent Directors make up more than half of the Board, which meets the requirements set out in the Code. This provides a strong and independent element on the Board. This is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgement on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined.

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Role of the Non-Executive Director

The Board and Management fully appreciate that an effective and robust Board whose members engage in open and constructive debate, and challenge Management on its assumptions and proposals is fundamental to good corporate governance. The Board should also aid in the development of strategic proposals and oversee effective implementation by Management to achieve set objectives.

The Board, in particular the non-executive directors ("NEDs"), must be kept well informed of the Group's businesses and be knowledgeable about the industry the Group operates in.

To ensure that NEDs are well supported by accurate, complete and timely information, NEDs have unrestricted access to Management. In addition, the NEDs meet as necessary to review and discuss matters such as board processes, corporate governance initiatives, succession planning, leadership development and other issues of concern.

Principle 3: Chairman and Chief Executive Officer

Clear division of responsibilities between Chairman and Chief Executive Officer to ensure a balance of power and authority

In SMI, there is a clear division in responsibilities between the leadership of the Board and Management. The Chairman and CEO functions in SMI are assumed by different individuals, ensuring an appropriate balance of powers, increased accountability and greater capacity for the Board to make independent decisions.

The Chairman is Ho Kwok Wai, who is a Non-Executive Director and unrelated to the CEO. He:

- ensures board meetings are held when necessary;
- sets the board meeting agenda with the assistance of the Company Secretary and in consultation with the CEO;
- ensures board members are provided with complete, adequate and timely information in compliance with the Code; and
- ensures effective communication within the Board and within the shareholders.

The Board has delegated the daily operations of the Group to the CEO who is Mark Francis Bedingham. He:

- leads the Management team;
- formulates the Group's strategic directions and expansion plans;
- executes the strategic plan;
- reviews the performance of its existing businesses;
- manage the Group's overall business development to achieve the goal set out by the Board; and
- ensures the Directors are kept updated and informed of the Group's businesses.

Given that the Non-Executive Chairman is not an Independent Director, Wong Yen Siang has been appointed as the Lead Independent Director with effect from 27 June 2016. The function of a Lead Independent Director is to be available to shareholders of the Company where they have concerns and for which contact through the normal channels of the Non-Executive Chairman, the CEO or the Chief Financial Officer has failed to resolve or is inappropriate. The Lead Independent Director also provides feedback to the Non-Executive Chairman after meetings of Independent Directors.

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Principle 4: Board Membership

Formal and transparent process for appointment and re-appointment of directors to the Board

The NC comprises the following three members, all of whom are Independent Non-Executive Directors:

1. Wee Sung Leng (NC Chairman)
2. Wong Yen Siang
3. Fong Sing Chak Jack

The Board established the NC to lead and facilitate the selection, appointment and re-appointment of Directors to the Board with written terms of reference that clearly set out its authority and duties.

Key responsibilities include:

- review and recommend the nominations for the appointment or re-appointment of Directors having regard to the composition and progressive renewal of the Board, each Director's qualifications, competencies, commitment, contribution and performance, the number of other listed company board representations;
- review the Board structure, size and composition having regards to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of SMI, the core competencies of the Directors as a group and make recommendations to the Board with regards to any adjustments that may be deemed necessary;
- review board succession plan for Directors, in particular for the Chairman of the Board and CEO;
- determine on an annual basis whether or not a Director is independent;
- assess the performance of the Board and contribution of each Director to the effectiveness of the Board as a whole; and
- recommend to the Board comprehensive induction training programmes for new directors and reviews training and professional development programs for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risks.

Directors' independence review

The task of assessing the independence of Directors is delegated to the NC. The NC reviews the independence of each Director annually and as and when circumstances require. It has used its best efforts to ensure that Directors appointed to the Board possess the experience and knowledge, business, finance and management skills necessary to our businesses and each Director, through his contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Each Independent Director is required to complete a Director's Independence Checklist ("Checklist") to confirm his independence annually. The Checklist is drawn up based on the guidelines provided in the Code.

Each Independent Director must also confirm in the Checklist whether he considers himself independent despite not having any relationships identified in the Code. Thereafter, the NC reviews the Checklist completed by each Independent Director, assess the independence of the Directors and recommends its assessment to the Board.

The Board, after taking into account the views of the NC, determined that with the exception of Mark Francis Bedingham and Ho Kwok Wai, all the other three NEDs are independent.

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Directors' time commitments and multiple directorships

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. The Board does not prescribe a maximum number of listed company board representatives which any director with multiple board representations may hold and in lieu wishes to review the matter on a case by case basis taking into account the ability and performance of each director in his performance and discharge of duties and responsibilities.

The NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a Director of SMI.

The NC takes into account the results of the assessment of the effectiveness of the individual Director and the respective Directors' actual conduct on the Board, in making this determination.

The NC has reviewed the individual performance of each Director and is satisfied that all Directors have dedicated adequate time to the affairs of SMI and have properly discharged their duties for FY2019 and will continue to do so in FY2020. The NC is of the view that the duties of all Directors have been fully discharged based on the time and attention devoted by each Director, their individual abilities and their respective individual contribution of skills, knowledge and experience and their commitment to the affairs of SMI.

The Board does not have alternate Directors as recommended by Guideline 4.5 of the Code.

Process for selection and appointment of new Directors

The NC has put in place a formal process for the selection of new Directors to increase transparency of the nomination process in identifying and evaluating nominees for Directors of SMI. The NC leads the process as follows:

- NC evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Group. In light of such evaluation, the NC determines the role and the key attributes that an incoming Director should have.
- After endorsement by the Board of the key attributes, the NC taps on the resources of Directors' personal contacts and recommendations of the potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed in the search process.
- NC meets with the shortlisted candidate to assess suitability and to ensure that the candidate is aware of the expectations and the level of commitment required.
- NC recommends the most suitable candidate to the Board for appointment as Director. They are appointed by way of Board resolutions of SMI.

Process for re-appointment of Directors

The NC is responsible for re-appointment of Directors. In its deliberations on the re-appointment of existing Directors, the NC takes into consideration the Director's contribution and performance (including his contribution and performance as an Independent Director, if applicable).

All Directors submit themselves for re-nomination and re-appointment as regular intervals of at least once every three years. Article 91 of SMI's Constitution provides that one third of the Directors shall retire from office by rotation and be subject to re-appointment at SMI's annual general meeting ("AGM").

In addition, Article 97 of SMI's Constitution provides that a newly appointed Director during the financial year must retire and submit himself for re-appointment at the next AGM following his appointment. Thereafter, he is subject to be re-appointed at least once every three years.

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The NC has reviewed and recommended the re-election of the following Directors who will be retiring pursuant to SMI's Constitution at the forthcoming AGM to be held on 29 July 2019:

- Wong Yen Siang (retiring pursuant to Article 91)
- Wee Sung Leng (retiring pursuant to Article 91)

The Board has accepted the recommendations and the retiring Directors will be offering themselves for re-election at the forthcoming AGM.

The NC also assessed and reviewed the independence of the Independent Directors, namely Wong Yen Siang, Wee Sung Leng and Fong Sing Chak Jack based on the guidelines set out in the Code. The Board, with the concurrence of the NC, concludes that Wong Yen Siang, Wee Sung Leng and Fong Sing Chak Jack remain independent.

The information relating to the date of last election of the Directors are set out under "Principle 2" on page 27.

Key information regarding the Directors are set out under section of "Board of Directors" on pages 20 to 21 of this Annual Report.

Principle 5: Board Performance

Formal assessment of the effectiveness of the Board and Board Committees and the contribution by each Director to the effectiveness of the Board

The Board has implemented a process carried out by the NC for assessing the performance and effectiveness of the Board as a whole, its board committees and the contribution of each Director to the effectiveness of the Board on an annual basis.

During FY2019, the Board engaged the Company Secretary to facilitate the evaluation of the Board and Board Committees, as well as the contributions by each Director.

The Board believes that such arrangement not only encourages Directors to be more candid in their evaluation of the Board performance but also enhances the objectivity and transparency of the evaluation process.

Board evaluation process

The NC Chairman, in conjunction with the Chairman of the Board, conducts an annual assessment of the effectiveness of the Board as a whole, effectiveness of its Board Committees and the contribution by each individual Director. There are three components to this assessment:

- a. Self-assessment;
- b. Board assessment; and
- c. Peer evaluations.

The performance evaluation process begins with an annual meeting between the NC Chairman and SMI's Company Secretary on the evaluation framework to ensure that areas of particular interest and key issues are focused on.

The Company Secretary sends out a customised Board Evaluation Questionnaire ("Questionnaire") to each Director for completion. Each Director is required to complete the Questionnaire and send it directly to the Company Secretary. Based on the returns from each of the Directors, the Company Secretary prepares a consolidated report and briefs the NC Chairman and the Chairman of the Board on the report. Thereafter, the Company Secretary presents the report for discussion at a meeting with all the Directors, chaired by the NC Chairman. The NC Chairman then holds a discussion with all Directors to agree on future action plans.

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Individual Director evaluation

The performance of individual Directors is taken into account in their re-appointment. Specific needs which arise from time to time are taken into account in any appointment of new Directors and review of the Board's performance is carried out collectively by the Board on an annual basis. For Board assessment, it is based on factors such as the Board's structure, size, conduct of meetings, corporate strategy and planning, risk management and internal controls, measuring and monitoring performance and financial reporting. In the case of individual assessments, each Director is evaluated based on factors which include the Director's attendance, adequacy of preparation for meetings, participation in discussions as well as industry and business knowledge.

Principle 6: Access to Information

Board members to have complete, adequate and timely information prior to Board meetings and on an on-going basis

Complete, adequate and timely information

SMI fully recognises that the flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. Management is therefore expected to provide the Board with accurate information in a timely manner concerning SMI's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing SMI.

At least five business days prior to each Board and Board Committee meeting, Management provides the Directors with timely information that is relevant to matters on the agenda for the meeting, except for sensitive matters to be tabled at the meeting itself. The Directors have separate and independent access to the Company Secretary and Management at all times. Directors are entitled to request from Management and be provided with such additional information as needed to make informed and timely decisions.

The quarterly financial results and annual budget are presented to the Board for approval. In respect of budgets, any material variances between the projections and actual results are disclosed and explained to the Board. The monthly internal financial statements are made available to members of the Board.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings. The Board also receives regular updates on the industry and technological developments.

Company Secretary

The Company Secretary coordinates and attends all Board meetings, ensures that proper minutes of the same are taken and kept and advises on board procedures, rules, regulations and corporate governance practices. Where the Company Secretary is unable to attend any Board meeting, he ensures that a suitable replacement is in attendance.

The Constitution provides that the appointment and removal of the Company Secretary is subject to the approval of the Board.

Should Directors, whether as a group or individually, need independent professional advice in furtherance of their duties, the Directors have access to relevant professional advice, with such costs to be borne by SMI.

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B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Formal and transparent procedure for fixing remuneration packages of Directors

The RC comprises the following three members, all of whom are Independent Non-Executive Directors:

1. Wee Sung Leng (RC Chairman)
2. Wong Yen Siang
3. Fong Sing Chak Jack

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and senior management. The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive and thereby maximise shareholder value.

The functions of the RC include:

- review and recommend to the Board a framework of remuneration for the Directors and key management personnel.
- review and recommend to the Board the specific remuneration packages for the Executive Director(s) of SMI, of which a significant portion of the Executive Director's remuneration is structured to link rewards to corporate and individual performance.
- review all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind.
- review the level and mix of remuneration and benefits policies and practices of SMI, including the long-term incentive schemes on an annual basis. The performance of SMI and that of the Executive Director(s) would be considered by the RC in undertaking such reviews.
- implement and administer the share and other incentive scheme(s) adopted by the Group.
- review the Group's obligations arising in the event of termination of the Executive Director's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

None of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to them.

The RC has the authority to seek any external professional advice on matters relating to remuneration of Directors as and when the need arises.

Principle 8: Level and Mix of Remuneration

Appropriate remuneration to attract, retain and motivate Directors and key management personnel

In recommending the level and mix of remuneration, the RC seeks to establish a framework for attracting, retaining and motivating employees. The Group's compensation framework comprises of fixed pay, short term and long term incentives. The Group subscribes to linking executive remuneration to corporate and individual performance, based on an annual appraisal of employees. The level and structure of remuneration of Directors and key management personnel are aligned with the long term interest and risk policies of SMI.

The details are set out under Principle 9 below.

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Principle 9: Disclosure on Remuneration

Clear disclosure of remuneration policy, level and mix of remuneration

The RC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long term compensation and between cash versus equity incentive compensation.

Directors' Remuneration

For the period under review, the Executive Director's remuneration package includes:

- fixed remuneration
- other benefits
- share-based incentives

It is based on a service agreement entered into between SMI and the Executive Director for a period of three (3) to five (5) years and subject to automatic renewal for subsequent periods of three (3) years unless earlier terminated. Executive Director does not receive Director's Fees.

At the moment, SMI does not use any contractual provisions to reclaim incentive components of the remuneration from the Executive Director in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Group. The Executive Director owes a fiduciary duty to SMI and SMI should be able to avail itself to remedy against the Executive Director in the event of such breach of fiduciary duties. The RC will consider, if required, whether there is a requirement to institute such a contractual provision.

Non-Executive Directors, including the Chairman, are paid Directors' fees, subject to the approval of shareholders at the AGM. The Directors' Fees, determined by the Board, are appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the Directors such that the independence of the NEDs is not compromised by their compensation.

Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package.

For the financial year under review, the RC had recommended to the Board, total Directors' Fees of S\$240,000 for the NEDs, which will be tabled by the Board at the forthcoming AGM for shareholders' approval.

The Board has not included a separate annual remuneration report in its annual report for the current year as it is of the view that the matters, which are required to be disclosed in the annual remuneration report have already been sufficiently disclosed in this Corporate Governance Report and the financial statements of SMI.

A breakdown, showing the level and mix of each individual Director's remuneration payable for FY2019 is as follows:

Name of Director	Fixed Salary	Fees ¹	Benefits in kind	Share-based incentives	Total
<i>S\$500,000 to S\$750,000</i>					
Mark Francis Bedingham	100%	–	–	–	100%
<i>Below S\$250,000</i>					
Ho Kwok Wai	–	100%	–	–	100%
Fong Sing Chak Jack	–	100%	–	–	100%
Wong Yen Siang	–	100%	–	–	100%
Wee Sung Leng	–	100%	–	–	100%

¹ Subject to approval by shareholders as a lump sum at the AGM for the financial year ended 31 March 2019.

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Remuneration of Key Management Personnel

SMI adopts a remuneration policy for staff comprising a fixed component, a variable component and benefits in kind. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is aligned to SMI's and individual performance. The benefits in kind include housing and car benefits.

The remuneration paid to or accrued to the top eight key management personnel (who are not Directors or the CEO) for FY2019 is as follows:

Name of Key Executives	Fixed Salary	Bonus	Benefits in kind	Share-based incentives	Total
<i>S\$250,000 to S\$500,000</i>					
Cher Soon Eng Lucy	82%	15%	0%	3%	100%
John Anthony Pike	67%	10%	17%	6%	100%
Kang Liang Yio Helen	70%	14%	16%	0%	100%
Lo Chi Chung Alan	92%	8%	0%	0%	100%
Shuji Hotta	76%	8%	12%	4%	100%
Stephen Deng	84%	0%	16%	0%	100%
<i>Below S\$250,000</i>					
Lee Wai Leong William	74%	11%	15%	0%	100%
Satheeish Subramaniam	62%	17%	14%	7%	100%

The annual aggregate remuneration paid to the top eight key management personnel of SMI (excluding the CEO) for FY2019 is US\$1,597,834 (S\$2,177,426). The RC approves the bonus for distribution to staff based on individual contributions as well as the financial performance and commercial needs of the Group and has ensured they are adequately but not excessively remunerated.

No employee of the Group was an immediate family member of any Director or the CEO and whose remuneration exceeded S\$50,000 per annum during this financial year.

Share-based Incentive Plan

There are no termination, retirement or any post-employment benefits to Directors and key executives.

The SMI Performance Share Plan ("PSP") was adopted at an Extraordinary General Meeting on 30 July 2014. The SMI PSP is administrated by the RC and contemplates the award of fully paid shares, free of charge, when or after prescribed performance targets are achieved by the Directors.

In addition, the SMI Share Option Scheme ("SMI ESOS") was approved and adopted at the EGM of SMI held on 25 July 2017. The key objective of the SMI ESOS is to motivate Group's key management personnel to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Group.

Further details on these incentives can be found in the Notes to the Financial Statements.

Remuneration for the Executive Director and key executives in the form of salaries, SMI PSP, SMI ESOS and bonuses are based on corporate and individual performance with emphasis on long term profitability, revenue growth and sustainability of the Company.

C. AUDIT COMMITTEE

Principle 10: Accountability and Audit

Board presents SMI's performance, position and prospects

The Board announces its quarterly and full-year financial results which present a balanced and informed assessment of SMI's performance, position and prospects via public announcements and through the SGXNET.

The Board reviews and approves the results as well as any announcements before its release. Results for the first three quarters are released to shareholders within 45 days after the quarter end and full year results are released within 60 days after the financial year end. In presenting the quarterly and full-year results to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Board takes adequate steps through the establishment of appropriate internal policies to ensure compliance with legislative and regulatory requirements, including requirements under the SGX Listing Manual.

SMI recognises the importance of providing the Board with accurate and relevant information on a timely basis. Hence, Management provides the Board with management accounts and such explanation and information on a regular basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of SMI's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

Sound system of Risk Governance and Internal Controls

The Board is responsible in overseeing the risk governance in the Group to ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. It also determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Based on the audit reports and management controls in place, the Board and AC is satisfied that the internal control systems provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained and financial statements are reliable. In the course of their statutory audit, the external auditors will highlight any material internal control weaknesses which have come to their attention in carrying out their normal audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the AC.

The Board has received assurance from the CEO and Finance Director in relation to the financial information and controls for the year, including (i) the financial records have been properly maintained and the financial statements for the financial year ended 31 March 2019 give a true and fair view of SMI's operations and finances; and (ii) SMI's risk management and internal control systems in place are effective.

Based on the internal controls established and maintained by SMI, work performed by the internal and external auditors and regular reviews performed by Management, the Board and relevant Board Committees, the Board and AC are of the opinion that the Group's risk management systems and internal controls were adequate and effective as at 31 March 2019 to address financial, operational, compliance and information technology risks which SMI considers relevant and material to its operations. This is also supported by the assurance statement from the CEO and Finance Director.

The Board and AC notes that the risk management system and internal controls of the Group provide reasonable, but not absolute assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that there is no risk management system and internal controls that can provide absolute assurance in this regards or against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

Code of Dealings in Securities

SMI has in place a Code of Dealings in SMI's securities, which prohibits dealings in SMI securities by all Directors of the Company and its subsidiaries, and certain employees, within certain trading periods. The "black-out" period is 2 weeks and 1 month before and up to the date of announcement of SMI's first three quarters and full year results respectively. Directors and employees are also reminded to observe insider trading laws at all times and not to deal in SMI securities when in possession of any unpublished price-sensitive information regarding the Group or on short-term considerations. SMI issues quarterly reminders to its Directors, relevant officers and employees on the restrictions in dealing in listed securities of SMI as set out above, in compliance with Rule 1207(19) of the SGX Listing Manual.

Principle 12: Audit Committee

Establishment of an Audit Committee with written terms of reference

The AC comprises the following three members, all of whom are Independent Non-Executive Directors:

1. Wong Yen Siang (AC Chairman)
2. Wee Sung Leng
3. Fong Sing Chak Jack

The AC members are appropriately qualified to discharge their responsibilities and collectively have strong accounting and related financial and legal management expertise and experience. The AC performs the functions as set out in the Code including the following:

- review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to Management and Management's response;
- review the financial statements 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;
- review the internal control and procedures and ensure co-ordination between the external auditors and Management, reviewing the assistance given by Management to the auditors to discuss problems and concerns, if any, arising from the interim and final audits and any matters which the auditors may wish to discuss (in the absence of Management where necessary);
- review the adequacy and effectiveness of SMI's risk management and internal control systems (including financial, operations, compliance and information technology controls) and to report to the Board annually;
- review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have material impact on SMI's operating results or financial position and our Management's response;
- consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;
- review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;
- review potential conflicts of interest, if any;
- 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 attention of AC; and
- generally undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

CORPORATE GOVERNANCE REPORT

The AC has explicit authority to investigate any matter within its terms of reference, with full access to and co-operation from Management. The AC also has full discretion to invite any Director or executive officer to attend its meetings and to require Management to provide it with reasonable resources to enable it to discharge its functions properly.

The AC meets with the external auditors, at least once a year, without the presence of Management. The audit partner of the external auditors is rotated every five years, in accordance with the requirements of the SGX Listing Manual.

Quarterly financial statements and the accompanying announcements are reviewed by the AC before presentation to the Board for approval, to ensure the integrity of information to be released.

During the financial year, the AC reviewed the quarterly financial statements prior to approving or recommending their release to the Board, as applicable; the auditors' evaluation of the system of internal accounting controls; the adequacy and effectiveness of SMI's internal controls; the annual audit plan of the external and internal auditors and the results of the audits performed by them and potential interested person transactions. It also reviewed the scope, results and effectiveness of the internal and external audit functions; the independence and objectivity of the external auditors and the non-audit services rendered by them and the re-appointment of the external auditors and their remuneration. Management's assessment of fraud risks, adequacy of the whistleblowing arrangements and whistleblowing complains are reviewed by the AC.

Significant matters that were discussed with Management and the external auditors have been included as key audit matters ("KAMs") in the independent auditors' report for the financial year ended 31 March 2019, as set out on pages 50 to 54 of this Annual Report.

The AC, considering the report from the external auditors, including their findings and views on the key areas of audit focus, concluded that SMI's accounting treatment and estimates in each of the KAMs were appropriate.

External Auditors

The AC has conducted an annual review of the performance of the external auditor and the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independency and objectivity of the external auditors, before confirming their re-nomination.

The aggregate amount of fees paid or payable to the external auditors of the Group, broken down into audit and non-audit services for the financial year ended 31 March 2019 are as follows:

- Audit fees: US\$130,115
- Non-audit fees: US\$6,745

The AC, with concurrence of the Board has recommended RSM Chio Lim LLP for re-appointment as statutory auditors of SMI at the forthcoming AGM.

SMI engages suitable independent auditors to audit its foreign incorporated subsidiaries and joint ventures, as disclosed in Notes 16 and 17 to the financial statements in this annual report which have been cleared by SMI's external auditors. The Board and AC have reviewed and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of SMI.

SMI confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the SGX Listing Manual.

None of the AC members is a former partner or director of the Group's existing auditing firm.

CORPORATE GOVERNANCE REPORT

Whistleblowing Policy

The Group also has a Whistleblowing Policy to allow staff to raise concerns or observations in confidence to SMI about possible irregularities for independent investigation and appropriate follow up action to be taken. Such concerns include dishonesty, fraudulent acts, corruption, legal breaches and other serious improper conduct; unsafe work practices and any other conduct that may cause financial or non-financial loss to the Group or damage to the Group's reputation. The Whistleblowing Policy encourages staff to identify themselves whenever possible to facilitate investigations but will also consider anonymous complaints, in certain circumstances. It makes available to staff the contact details of the Receiving Officer who may also forward the concern to the respective Heads of Division, CEO, AC Chairman and/or Chairman.

Principle 13: Internal Audit

Establishment of an internal audit function that is independent of the functions it audits

SMI engaged Baker Tilly Consultancy (Singapore) Pte Ltd ("Baker Tilly") to develop a comprehensive set of group policies and procedures ("Group policies") in November 2016. The AC reviewed and approved the Group policies as well as appointed Baker Tilly to be the internal auditor ("IA") in May 2017.

The primary role of IA is to assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Company, reviewing the internal controls of SMI to ensure prompt and accurate recording of transactions and proper safeguarding of assets and reviewing that the Company complies with the relevant laws, regulations and policies established by the SMI. Baker Tilly adopts a risk-based approach in its auditing activities and developed a two-year audit plan using a structured risk and control assessment framework through which the inherent risk and control effectiveness of each auditable entity in the Group is assessed.

The AC approved the two year Internal Audit plan presented by Baker Tilly in May 2017 and received their report. IA observations on control, operational and human lapses and recommendations to address them were reviewed and discussed at the AC meeting. The AC was satisfied that recommendations made were dealt with by the Management in a timely manner, with outstanding exceptions or recommendations being monitored and reported back to the AC. The IA has unfettered access to the AC, the Board and management, as well as the right to seek information and explanation. The AC is satisfied with the quality and effectiveness of the IA function and that the IA function is currently adequately resourced and has appropriate independent standing to perform its functions effectively.

Principle 14: Shareholders Rights and Responsibilities

Fair and equitable treatment of shareholders

SMI respects shareholders' rights and promotes the fair and equitable treatment of all shareholders. SMI keeps all of its shareholders sufficiently informed of its corporate affairs and activities, including any changes to SMI or its business which may materially affect the price or value of SMI shares on a timely basis.

All new material price-sensitive information is disclosed on an adequate, accurate and timely basis via SGXNET, which are also posted on the SMI Investor Relation ("IR") website. SMI recognises that the release of timely and relevant information is central to good corporate governance and assists shareholders to make informed investment decisions.

Any notice of a general meeting of shareholders is issued at least 14 days before the scheduled date of such meeting. These notices are published in the local newspaper and posted onto SGXNET and SMI IR website. These notices are also contained in annual reports or circulars which are sent to all shareholders.

All shareholders are entitled to attend and vote at general meetings and are afforded the opportunity to participate effectively in the general meetings. The Constitution of the Company allows each shareholder to appoint up to two proxies to attend, speak and vote in their place at general meetings. SMI does not provide for absentia voting methods such as by mail, email or fax due to concerns as to the integrity of such information and authentication of the identity of shareholders voting by such means.

CORPORATE GOVERNANCE REPORT

Pursuant to the Companies (Amendment) Act 2014, a shareholder who is a “relevant intermediary”, is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. “Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Cap 50.

Principle 15: Communication with Shareholders

Regular, effective and fair communication with shareholders

SMI protects and facilitates the exercise of shareholders’ rights. In addition to the matters mentioned above in relation to “Access to Information”, there are regular, effective and non-discriminatory communications between shareholders and Management who will receive and attend to their queries and concerns.

SMI provides regular and timely information to the investment community regarding the Group’s performance, progress and prospects as well as major industry and corporate developments and other relevant information. In addition to shareholders’ meetings, the CEO meet with investors, analysts and the media, as well as participate in industry conferences to solicit and understand the views of the investment community. The CEO also travelled widely for non-deal roadshows to meet investors across countries. Such meetings provide useful platforms for the CEO to engage with investors and analysts.

Apart from SGXNET, announcements and the annual report, the SMI IR website at sin-mi.listedcompany.com, which is regularly updated, is the main source of information for shareholders. It houses all media releases, financial results, annual reports, SGXNET announcements, presentation materials as well as other corporate information relating to the Group. However, new material price-sensitive information such as financial results are released via SGXNET before being posted on the SMI IR website or before any media or analyst conferences are conducted. This ensures fair and non-selective disclosure of information to all shareholders.

Shareholders may direct their queries and concerns to SMI at the contact particulars given at the SMI IR website.

SMI does not have a fixed dividend policy at present. Key considerations that affect dividend decisions and the level of payouts include the Group’s profit growth, level of cash available, projected levels of capital expenditure and investment plans and any other factors as the Board may deem appropriate.

No dividend was paid for the financial year ended 31 March 2019 as the Group reported a net operating loss for the year.

Principle 16: Conduct of Shareholder Meetings

Greater shareholder participation at general meetings

SMI is in full support of shareholder participation at general meetings. The general meeting procedures allow shareholders to raise questions relating to each resolution tabled for approval and to participate, engage and openly communicate their views on matters relating to the Group.

At shareholders’ meetings, each distinct issue is proposed as a separate resolution. Such resolutions include matters of significance to shareholders such as, where applicable, adoption of Audited Financial Statements together with Directors’ Statements and Independent Auditors’ Report, remuneration of directors, re-election of directors, re-appointment of auditors and assignment of authority to the directors to fix their remuneration and authorisation to issue additional shares. Votes cast for and against and the respective percentages on each resolution will be displayed to shareholders/proxies immediately after each poll conducted. The total number of votes cast for or against the resolutions and the respective percentages are also announced in a timely manner after the general meeting via SGXNET. Each share is entitled to one vote.

All Directors, including the Chairmen of the AC, NC and RC and senior Management, are in attendance at the AGMs and EGMs to allow shareholders the opportunity to air their views and ask Directors or Management questions regarding the Group. The external auditors also attend the AGMs to assist the Directors in answering any queries relating to the conduct of the audit and the preparation and content of the auditors’ report. The AGM is held within four months after the close of the financial year.

CORPORATE GOVERNANCE REPORT

The Company Secretaries prepare minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon their requests.

D. MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, SMI confirms that except as disclosed below in the Interested Person Transactions Section, and in the Directors' Statement and Financial Statements, there were no other material contracts and loans of SMI and the Group involving the interests of the CEO or any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

E. INTERESTED PERSON TRANSACTION

SMI has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction.

All interested person transactions will be documented and submitted to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of SMI and its minority Shareholders.

SMI has not obtained a general mandate from shareholders for interested person transactions ("IPTs").

The aggregate value of interested person transactions ("IPTs") during the reporting year was as follows:

Name of interested person	Aggregate value of all interested person transactions conducted during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	FY2019	FY2018	FY2019	FY2018
Loan from Director and interest accrued thereon - Ho Kwok Wai	US\$1,587,070.44	US\$1,002,570.22	–	–
Loan from Director and interest accrued thereon - Mark Francis Bedingham	US\$5,291,604.74	US\$3,032,621.92	–	–

Ho Kwok Wai is the Non-Executive Chairman and Controlling Shareholder of SMI who holds 54.37% of the total issued and paid-up shares (inclusive of both direct and deemed interests) as at the date of this report. During the reporting year, Ho Kwok Wai has granted the following loans to SMI:

Date of Loan Agreement	Loan Amount (US\$)	Interest Rate	Tenure
8 January 2018	2,000,000	2.34% per annum	Repayable twenty-four months from the date of first disbursement upon giving seven days' notice by Ho Kwok Wai to SMI

Note:

¹ US\$1,550,000 has been disbursed with remaining US\$450,000 available for disbursement as and when needed by SMI.

CORPORATE GOVERNANCE REPORT

Mark Francis Bedingham is the Executive Director, President and CEO and shareholder of SMI who holds 8.09% of the total issued and paid-up shares (inclusive of both direct and deemed interests) as at the date of this report. During the reporting period, Mark Francis Bedingham has granted the following loans to SMI, all of which have been fully disbursed and remain outstanding.

Date of Loan Agreement	Loan Amount (US\$)	Interest Rate	Tenure
28 September 2016	200,000	2.34% per annum	Repayable two months from the date of disbursement upon giving seven days' notice by Mark Francis Bedingham to SMI
20 April 2017	500,000		Repayable two months from the date of disbursement upon giving seven days' notice by Mark Francis Bedingham to SMI
17 July 2017	500,000		Repayable three months from the date of disbursement, upon giving seven days' notice by Mark Francis Bedingham to SMI
11 December 2017	1,000,000		
16 March 2018	500,000		Repayable one month from the date of disbursement upon giving seven days' notice by Mark Francis Bedingham to SMI
16 August 2017	300,000		
17 April 2018	250,000		Repayable three months from the date of disbursement, upon giving seven days' notice by Mark Francis Bedingham to SMI
15 May 2018	500,000		Repayable one year from the date of disbursement upon giving seven days' notice by Mark Francis Bedingham to SMI
3 July 2018	750,000		Repayable three months from the date of disbursement, upon giving seven days' notice by Mark Francis Bedingham to SMI
14 August 2018	200,000		Repayable three months from the date of disbursement, upon giving seven days' notice by Mark Francis Bedingham to SMI
10 September 2018	150,000		Repayable three months from the date of disbursement, upon giving seven days' notice by Mark Francis Bedingham to SMI
11 October 2018	300,000		Repayable three months from the date of disbursement, upon giving seven days' notice by Mark Francis Bedingham to SMI

The interest rate for the loan was agreed between the parties having regard to the applicable interest rate of 2.34% charged by United Overseas Bank Limited, being SMI's main banker, for a two-year working capital loan. The loan is unsecured.

During the year ended 31 March 2018, the Company completed debt conversion exercises on 2 June 2017 ("May 2017 Debt Conversion") and 22 February 2018 ("December 2017 Debt Conversion"), details of which are as follows:

- May 2017 Debt Conversion** - conversion of an aggregate amount of US\$3,533,867.43 (being the principal amount of shareholders' loans of US\$3,500,000 and interest accrued thereon of US\$33,867.43) owed by SMI to Mr Ho Kwok Wai and Mr Mark Bedingham into 11,885,573 Shares.

Further details of the May 2017 Debt Conversion may be found in the circular to shareholders dated 4 May 2017.

CORPORATE GOVERNANCE REPORT

2. **December 2017 Debt Conversion** - conversion of an aggregate amount of US\$7,889,708.48 (being the principal amount of shareholders' loans of US\$7,800,000 and interest accrued thereon of US\$89,708.48 owed by SMI to Mr Ho Kwok Wai and Mr Mark Bedingham into 22,262,127 Shares.

Further details of the December 2017 Debt Conversion may be found in the circular to shareholders dated 21 December 2017.

F. USE OF PROCEEDS

SMI raised the net proceeds of approximately S\$7.0 million from the placement of 15,411,600 ordinary shares in SMI's capital at an issue price of S\$0.48 for each share which was completed on 11 September 2017. Such proceeds have been utilised for various purposes as follows:-

- a. US\$1.44 million has been utilised for purchase of duty-free, retail and F&B merchandise;
- b. US\$0.08 million has been utilised for payment of F&B franchise and royalty fees;
- c. US\$0.12 million has been utilised for expansion of the Group's car rental and limousine services business;
- d. US\$0.71 million has been used to finance telecommunication towers business;
- e. US\$2.83 million has been used as working capital. The breakdown of the amount of US\$2.83 million used as working capital is as follows:

	US\$'Million
Salaries and related costs	2.15
Office rent, travel and expenses	0.15
Professional fees and IT costs	0.12
Loan repayments	0.24
Others	0.17
Total	2.83